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TR Property Investment Trust plc

Report & Accounts for the year ended 31 March 2015

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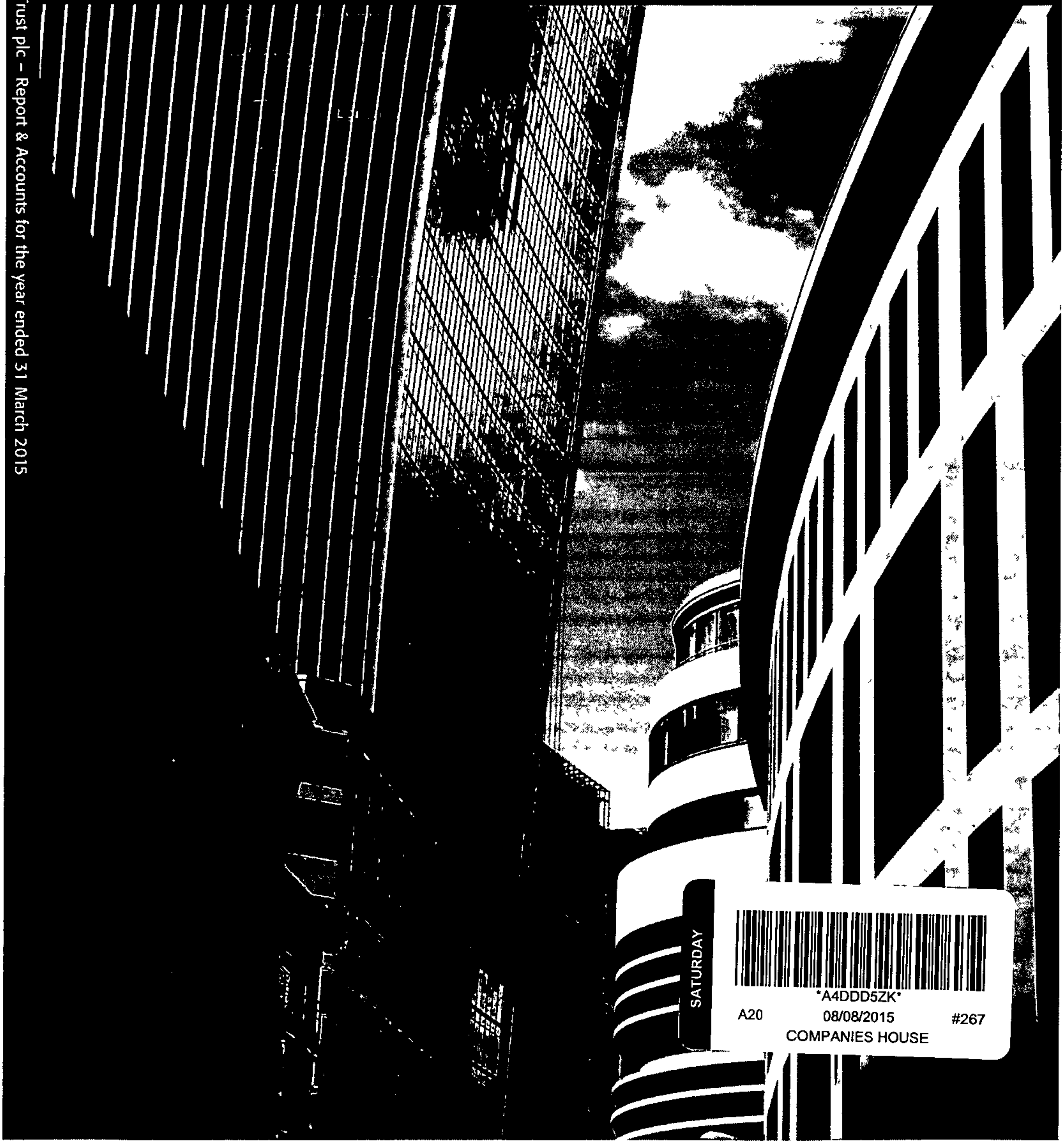

TR Property Investment Trust plc

The Company's investment objective is to maximise shareholders' total returns by investing in the shares and securities of property companies and property related businesses internationally and also in investment property located in the UK

Introduction

The Company was formed in 1905 and has been a dedicated property investor since 1982 The Company is an Investment Trust and its shares are premium listed on the London Stock Exchange

Benchmark

The benchmark is the FTSE EPRA/NAREIT Developed Europe Capped Net Total Return Index in Sterling

Investment Policy

The Company seeks to achieve its objective by investing in shares and securities of property companies and property related businesses on an international basis, although, with a Pan-European benchmark, the majority of the investments will be located in that geographical area The Company also invests in investment property, located in the UK only

Further details of the Investment Policies, the Asset Allocation Guidelines and policies regarding the use of gearing and derivatives are set out in the Strategic Report on pages 23 to 24 and the entire portfolio is shown on page 17

Investment Manager

F&C Investment Business Limited acts as the Company's alternative investment fund manager ("AIFM") with portfolio management delegated to Thames River Capital LLP ("the Portfolio Manager") Marcus Phayre-Mudge has managed the portfolio since 1 April 2011 and been part of the Fund Management team since 1997

Independent Board

The directors are independent of the Manager and meet regularly to consider investment strategy, to monitor adherence to the stated objective and investment policies and to review performance Details of how the Board operates and fulfils its responsibilities are set out in the Directors' Report on page 37

Performance

For the year to 31 March 2015 the net asset value total return was 28 3% against a benchmark total return of 23 3% The share price total return was 29 5%

Over the ten year period to 31 March 2015 the share price total return was 232 6% and the net asset value total return 187 9% Over the same period the benchmark total return was 110 3%

The Financial Highlights for the current year are set out opposite and Historical Performance can be found on page 2

Dividend

An interim dividend of 2 95p (2014 2 85p) per share was paid on 6 January 2015 to shareholders on the register on 5 December 2014

A final dividend of 4 75p (2014 4 60p) will be paid on 4 August 2015 to shareholders on the register on 26 June 2015 The shares will be quoted ex-dividend on 25 June 2015

Income growth Over the past ten years the annual net dividend per share has grown by 2 7 times, equivalent to 10 5% per annum compounded

Retail Investors advised by IFAs

The Company currently conducts its affairs so that its shares can be recommended by Independent Financial Advisers ("IFAs") in the UK to ordinary retail investors in accordance with the Financial Conduct Authority ("FCA") rules in relation to non-mainstream investment products and intends to continue to do so The shares are excluded from the FCA's restrictions, which apply to non-mainstream investment products, because they are shares in an authorised investment trust

Further information

General Shareholder information and details of how to invest in TR Property Investment Trust plc, including an investment through an ISA or saving scheme, can be found on pages 80 to 84 This information can also be found on the Trust's website www trproperty com

Financial Highlights and Performance

	Year ended 31 March 2015	Year ended 31 March 2014	% Change
Balance Sheet			
Net asset value per share	**318.12p**	254 94p	+24 8%
Shareholders' funds (£'000)	**1,010,045**	809,438	+24 8%
Shares in issue at the end of the period (m)	**317.5**	317 5	+0 0%
Net debt[1]	**12 8%**	14 0%	
Share Price			
Share price	**310.50p**	247 50p	+25 5%
Market capitalisation	**£986m**	£786m	+25 4%

	Year ended 31 March 2015	Year ended 31 March 2014	% Change
Revenue			
Revenue earnings per share	**8.89p**	8 09p	+9 9%
Net dividend per share[2]	**7.70p**	7 45p	+3 4%
Total Return Assets and Benchmark			
Benchmark performance (total return)	**+23.3%**	+14 9%	
Net asset value total return	**+28 3%**	+22 4%	
Share price total return	**+29.5%**	+37 7%	
Ongoing Charges[3]			
Excluding performance fee	**0 76%**	0 80%	
Including performance fee	**1.64%**	2 08%	
Excluding performance fee and direct property costs	**0.70%**	0 75%	

1 Net debt is the total value of loans (including notional exposure to CFDs) and debentures less cash as a proportion of net asset value
2 Net dividends per share are the dividends in respect of the financial year ended 31 March 2015 An interim dividend of 2 95p was paid in January 2015 and a final dividend of 4 75p will be paid in August 2015
3 Ongoing charges calculated in accordance with the AIC methodology

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Front Cover 20 Fenchurch Street, London

Historical Performance *for the years ended 31 March*

	2005 (Restated)	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total revenue[A] (£'000)	19,741	23,143	26,226	32,160	32,073	27,782	29,520	30,973	32,988	33,933	**36,689**
Total assets less current liabilities (£'m)	544.7	813.6	1,017.0	725.3	418.6	616.6	688.8	606.3	701.9	824.4	**1,010**
Shareholders' funds (£'m)											
Total	505	771	973	707	400	598	670	588	684	809	**1,010**
Ordinary shares	505	771	973	568	324	476	531	470	684	809	**1,010**
Sigma shares[B]	–	–	–	139	76	123	140	118	–	–	**–**
Ordinary shares Net revenue (pence per share)											
Earnings	2.85	3.44	4.09	5.79	6.49	5.18	6.94	7.07	6.74	8.09	**8.89**
Dividends	2.85	3.40	4.10	5.60	5.75	5.75	6.00	6.60	7.00	7.45	**7.70**
NAV per share (pence)	145.70	224.10	290.80	219.60	126.10	185.20	207.10	183.60	215.25	254.94	**318.12**
Share price (pence)	128.50	209.50	256.50	188.25	106.00	159.40	177.10	154.50	186.30	247.50	**310.50**
Indices of growth											
Share price[C]	100	163	200	147	82	124	138	120	145	193	**242**
Net Asset Value[C]	100	154	200	151	87	127	142	126	148	175	**218**
Benchmark[D]	100	143	178	133	65	99	109	95	108	115	**138**
Dividend Net	100	119	140	196	202	202	211	232	246	261	**270**
RPI	100	102	107	111	111	116	122	126	131	134	**135**

Figures from 2006 onwards have been prepared in accordance with IFRS. Figures for 2005 have been restated in accordance with IFRS. All previous figures were prepared under UK GAAP.

(A) Total revenue – is as set out in the Group Statement of Comprehensive Income prepared in accordance with IFRS.

(B) The Sigma share class was launched in 2007 and Sigma shares redesignated as Ordinary shares on 17 December 2012.

(C) Capital only indices. These do not reflect dividends paid.

(D) Benchmark Price only Index: composite index comprising the S&P/Citigroup European Property Index up to March 2007, the FTSE EPRA/NAREIT Developed Europe Index up to March 2012, the FTSE EPRA/NAREIT Developed Europe Net Index for the year to March 2013 and thereafter the FTSE EPRA/NAREIT Developed Europe Capped Net Index. Source: Thames River Capital.

Chairman's Statement

Caroline Burton
Chairman

Introduction

Property and property equities had another year of strong performance As the sector is pro-cyclical and the vast majority of property assets are leveraged, it performs best in an environment of improving economic fundamentals coupled with a low cost of borrowing This year, as we anticipated, our portfolio's UK equities have benefited from rental growth spreading beyond London and across most property sectors At the same time, our Continental European equities, particularly in the second half of the year benefited from an acceleration in the fall in the cost of borrowing, driven by the ECB's programme of quantitative easing finally actioned in January 2015 I commented in my outlook in the Interim Statement that the extent and focus of any asset purchase programme was difficult to predict and so it has proved to be The central banks appear determined to persist with this approach and negative nominal rates on so many sovereign bonds place us in unchartered waters What is clear is that in this type of interest rate environment well managed, high quality property companies with sustainable earnings and dividend yields across Europe are likely to maintain their attractiveness to investors Indeed many investors appear happy to own even those companies with little prospect of genuine underlying rental growth as long as the current levels of earnings are sustainable

Our management team, whilst maintaining their strategic focus on markets likely to experience rental growth, and hence a strong relative UK bias in the portfolio, have made material changes to the European portfolio in the light of such central bank intervention Comprehensive detail follows in the Manager's Report.

Currency movements in the period have also been dramatic with EUR weakening by over 14% against GBP Whilst this is good news for Eurozone exports it had a dampening effect on the performance of our GBP denominated portfolio Eurozone property stocks returned an astonishing 40 7% in local currency which almost halved to 23 1% in GBP terms However, if sustained, this currency devaluation further fuels the attractiveness of real assets in Europe for overseas investors

The Trust's size, liquidity and position as the only Investment Trust with a mandate to invest in pan European property companies continued to prove attractive to investors The share price total return was broadly in line with the underlying asset value return reflecting a very similar discount to the net asset value at both ends of the period of c. -3% However the stock did trade at modest premiums to net asset value for part of the period with a range of +2 7% to -4 1%

For the second year in a row I both report a substantial increase in earnings and also highlight that the dividend has not grown by the same proportion We have experienced like-for-like underlying income growth but due to timing differences of income receipts this has been inflated for the period under review Full details are contained later in the report Notwithstanding these timing differences the Board are pleased to announce the dividend increase which brings the Trust's record of annual increases to 21 out of last 22 years

In the Interim I commented that we intended to add further to our UK physical portfolio and I am pleased to report acquisitions in the year in Plymouth, Bristol and Wimbledon The sale of Park Place, Vauxhall reported at the interim, fits with the strategy of reducing exposure to Central London residential markets for the time being, whilst the sale of the Milton Keynes office to the tenant was opportunistic at 30% ahead of book value

NAV and Share Price Performance

I am pleased to report that the NAV total return for the year was 28 3% whilst the benchmark total return was 23 3% The share price total return was even greater at 29 5% reflecting the narrowing of the discount mentioned in the Introduction

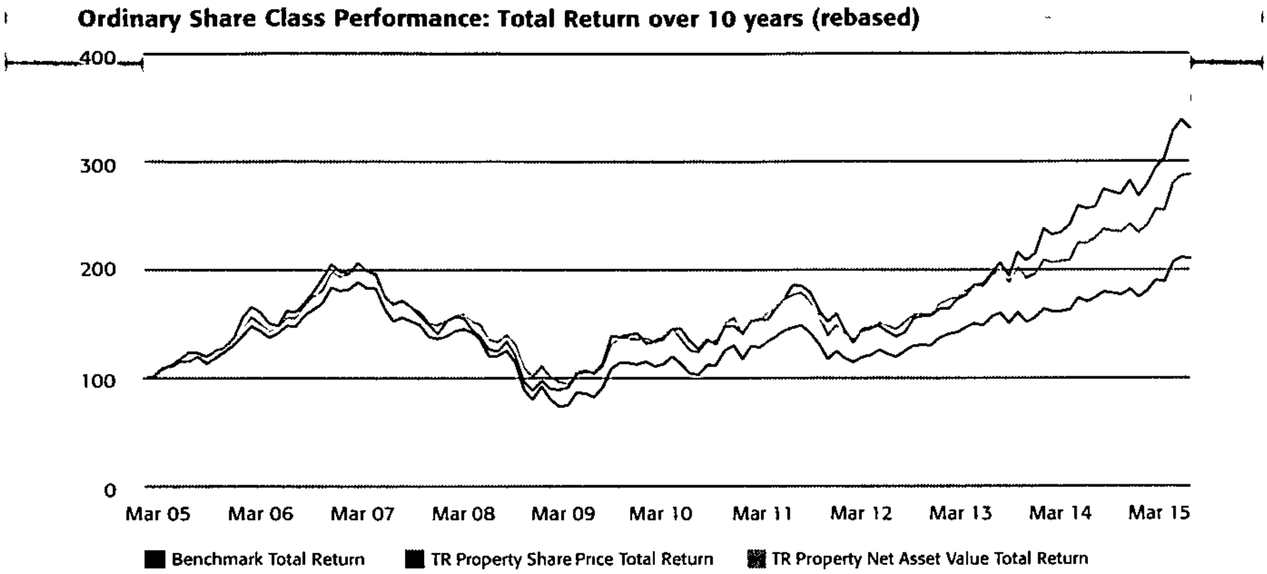
More detail and commentary on performance is set out in the Manager's Report

Revenue Results

At 8 89p (2014 8 09p) the revenue return is almost 10% ahead of the revenue return for the previous year

As pointed out in the Interim Report, a number of events which had already occurred in the first half of the financial

Chairman's Statement *continued*



year, together with further one-off situations anticipated in the second half resulted in earnings which are ahead of the expectation at the outset of the year Without these one-off items, earnings would have been 764p

Dividend
The Board is proposing a final dividend of 4 75p, 3 3% ahead of the final dividend for the prior year and bringing the total dividend for the year to 770p, an increase of 3 4% over the 745p paid last year

Revenue Outlook
Once again we are highlighting that one-off events and changes have inflated the earnings in the current year Underlying earnings are growing modestly but our development at the Colonnades is underway and this will result in a fall in income from our direct property assets for the remainder of the 2015/16 financial year In addition, the depreciation of the Euro would reduce our earnings in Sterling

We therefore continue to express caution and expect a fall in earnings for the 2015/16 financial year

Reflecting the one off nature underlying the current year's increase in earnings, the payout ratio for the dividend is around 87% Although we anticipate a fall in income for the forthcoming financial year, we still expect to grow the dividend The Company has healthy revenue reserves, and providing the Board can see sustainability in the longer term, we will not hesitate to utilise the reserves to supplement a fall in revenue in the short term

Net Debt and Gearing
Net debt throughout the year has remained broadly in the 14 0% to 15 0% range, ending the year marginally lower at 12 8% These figures include the impact of the CFD exposure, around half of the gearing at the year-end was achieved through the CFD positions

Currencies
Currency movements have been significant over the period We have continued to use FX forward contracts to maintain the currency exposure of our Balance Sheet broadly in line with the benchmark. The resulting exposures are set out in Note 11 to the Financial Statements

Discount and Share Repurchases
I have already commented on the discount in my opening remarks There were no share repurchases in the period Our Portfolio Manager continues to be tasked with investor communication and our dedicated website (www trproperty com) provides current and background data on the Trust, including a monthly commentary

The Company is offered as part of the F&C savings plans and our Registrars, Computershare, offer dealing options for certified holders and a Dividend Reinvestment Plan (DRIP) option for those on the main register Further details can be found on pages 80 to 83

The Alternative Investment Fund Managers Directive
The Alternative Investment Fund Managers Directive (AIFMD) came into effect on 22 July 2014 This necessitated the appointment of an FCA regulated Alternative Investment Fund Manager (AIFM) as investment manager F&C

Chairman's Statement *continued*

Investment Business Limited was appointed as Investment Manager with effect from 11 July 2014 with portfolio management delegated to the former Investment Manager, Thames River Capital LLP There is no change in the way in which the Fund is managed, or of the management team

In addition BNP Paribas Securities Services have been appointed to provide Depository services to the Fund (another AIFMD requirement) alongside the existing Custody arrangements This is a new service and carries an annual fee which is tiered according to the assets under management. Based on the year end position this equates to a fee of 0 01% per annum

Investment Management Fee Review
The base element of the Investment Management Fee is subject to an annual review As part of that review at the end of March the following changes have been made with effect from 1st April 2015

Historically, a number of third party costs have been included in the Investment Management fee The Board decided that as most of these do not generally form part of the Investment Management Fee of other investment trusts, these should be charged directly to the Company by the providers of these services and separately disclosed to ensure that the arrangements are fully transparent

The Base Investment Management Fee consists of a core fixed element and a smaller variable element. The fixed element of the base fee has not increased for the last 4 years For the year to March 2016 an increase of £130,000 has been agreed on a like for like basis after deducting the third party costs to be billed directly as outlined above, this is an increase of 4% Since the last fixed fee increase four years ago Shareholders' Funds have increased by over 50%

The final change is that the cap on the Performance Fee has been reduced from 2% to 1 5% of NAV Full details are set out in the Directors' Report on page 30

Awards
The Board is pleased to report that the Company has been named Best Alternative Investment Trust in the "What Investment" Investment Trust Awards 2014

Outlook
In last year's Outlook I stated that the building blocks for continuing performance from this sector were firmly in place in certain areas of our markets The improving economic fundamentals in these regions have indeed translated into tenant demand and rental growth, in turn augmenting further investor appetite This has been particularly the case in the UK together with core cities in Germany and Sweden

With property returns increasingly being driven by property fundamentals, more investors in more markets are anticipating rental growth and treating acquisitions as growth assets As I stated in my introduction property benefits from low interest rates and whilst we may well see the beginning of a rate tightening cycle in the UK in the next twelve months, rates in their historical context will still be low

The stark differences between the UK's GDP forecasts and those of the Eurozone set out as recently as in last November's Interim Report look set to fade, potentially faster than anticipated, as currency depreciation and determined unorthodox monetary stimuli impact across Continental Europe Our concerns focus on asset pricing as the capital flood into European property and property equities has resulted in substantial price appreciation Our Portfolio Manager remains focused on property market fundamentals and whilst they have responded appropriately to this year's central bank intervention, such rapid price appreciation merely strengthens their conviction that it is only rental growth which will support pricing in the medium term, and gives them concern that some companies may find it difficult to support current valuations

Whilst rental growth may take some time to appear more broadly across markets, investors should take real encouragement from two vitally important characteristics of this current environment – the source of capital being deployed and the lack of speculative development. The appreciation in asset prices this year has not been driven by rising levels of debt, but by equity investors seeking income and foreign investors buying Euro denominated assets Listed property companies across Europe (with the exception of Sweden) are not increasing their debt levels even as asset values rise We expect them to continue to refinance, taking full advantage of competitive pricing, but the majority have hopefully learnt some lessons from 2008

Income producing assets have appreciated far more than development opportunities Speculative finance is still a rare commodity The lack of this type of finance naturally restricts development and reinforces our view that current asset pricing whilst sharply up from a year ago is sustainable We expect this risk aversion towards non income producing assets to continue and for this development cycle to remain somewhat muted, and the Company will be positioned accordingly

Further purchases of direct holdings of UK property will be made if the right investments are found As usual, opportunities are being actively sought

Caroline Burton
Chairman
9 June 2015

Manager's Report

Marcus Phayre-Mudge MRICS
Fund Manager
9 June 2015

Performance

The Net Asset Value total return of +28 3% was ahead of the benchmark total return of +23 3% This is the third year in a row in which the NAV has risen more than 20%, a single statistic illustrating the demand for and ongoing recovery of pan-European property equities and the underlying real estate markets In the same vein as last year, the benchmark slightly outperformed the broader European equity markets where the EuroStoxx 600 Net Index (in EUR) rose +22 1% Most of this performance was in the second half of the financial year and particularly in the last quarter (Q1 2015) At the interim stage, NAV growth was +4 5% and whilst that was a respectable half year performance, in excess of the 10 year average, it was put firmly in the shade by the tremendous growth in the second half, fuelled initially by speculation around the probability of an ECB 'quantitative easing' ("QE") programme and from January 2015 onwards, by the reality of it

Whilst in danger of repeating comments made in last year's Report, levered asset classes such as property equities are clear beneficiaries of monetary stimuli Although Draghi's announcement of the €60bn per month bond buying programme was increasingly well flagged, what was not necessarily expected by the market was the open-ended nature of it Much like his May 2012 comment of ' doing whatever it takes ' in the depths of the previous Euro crisis, he has made it clear that this programme could run beyond September 2016 if deemed necessary

The ECB has been aided in its quest to stimulate the Eurozone by the steady depreciation of its currency and a review of performance would be incomplete without highlighting what has been a dramatic period for currencies Over the twelve months under review EUR weakened against GBP by 14 5% and against the USD by 22 1% This has been very positive for European exports and for overseas investors buying fixed assets such as commercial property The Eurozone component of our benchmark returned +23 1% when viewed in GBP, broadly in line with the non-Euro countries' performance over the year However when viewed in EUR terms the total return was an astonishing +40 7% To further illustrate the overwhelming impact of the macro monetary stimulus, the performance of the Eurozone property stocks (in local currency) from mid-October (about the time investors began to firmly price in the expectation of QE) to 31 March was +31 1% Another side effect of the ECB's policy was the decision by the Swiss National Bank that they did not wish to defend the Euro/Swiss Franc peg if EUR was going to weaken substantially On 15 January 2015, the SNB announced the removal of the peg and EUR fell against the Swiss Franc by 13% on the day I will expand on how our portfolio positioning in Switzerland responded to this later in the report

Bond yields continued to fall in response to the central bank's behaviour, the yield on the 10yr Bund tightened from 1 6% on 31 March 2014 down to 0 2% 12 months later The risk free rate utilised in calculating the 'risk premia' applied in the valuation of risk assets continues to fall and this drives up prices A consequence of such broad revaluation has been the lack of dispersion of returns amongst certain groups of stocks, this will be examined later in the Report

In the Interim Report I stated that our focus remained on seeking out those businesses which were likely to be early beneficiaries of rental growth However, the response of asset prices to the ECB's programme encouraged us to maintain exposure across the Eurozone even though rental growth remains anaemic in most markets The portfolio remained overweight the UK, Germany and Sweden throughout the year German property stocks were the strongest performing national group (+35 2% in GBP) combining the benefits of falling cost of debt leading to asset value appreciation with real rental growth as economic conditions improved

Manager's Report *continued*

Property Investment Markets

I reported last year that we were seeing significant evidence of increasing demand into regional property with buyers moving beyond the strongest, dominant commercial locations At the half year we reported that the gap between prime and secondary yields in the UK was tightening faster than expected and the IPD measure of the ratio between the top and bottom yield quartile which began narrowing from its widest in April 2013 has accelerated over the last 12 months CBRE report that outside of London and the South East, office investment activity reached £3 9bn in 2014, almost double the £2 2bn in 2013 Weight of money into the sector has driven this search for assets nationwide Between July and December 2014, £1 5bn of investment flowed into open-ended UK retail funds CBRE estimate that 60% of all major city centre investment (ex-London) was domestic institutional buyers utilising modest or zero debt

UK commercial property transactional volumes reached £59 6bn in 2014, up from £44 9bn in 2013 and compares to the record year of 2006 at £61 7bn The equivalent yield on the IPD All Property Index has dropped from 7 5% to 6 4% in 2 years, fuelling capital growth of 19 3%

Last year I commented that this huge valuation shift and increase in transactional volumes had been UK focused in 2013 This was no longer the case in 2014, transactional volumes have leaped in all sectors and in all European countries with the exception of Poland and Russia Taking the retail sector as just one example, pan European volumes reached EUR 52bn, a rise of 24% on 2013 The UK was predictably busy (+25%) but France (+72%) and Spain (+96%) reflected the renewed liquidity and demand for property Spain was clearly coming off a low base but it reflects investors' desire to participate in the nascent recovery in that market

With bond yields tumbling everywhere, peripheral European investment markets have become very popular with investors hoping to capture the 'yield compression' as increasing investment demand drives up prices, thus compressing yields, even if the underlying rental markets are still some way from equilibrium The Spanish 10yr sovereign bond yield dropped from 3 2% in March 2014 to 1 2%, twelve months later This dramatic lowering of the risk free rate has impacted pricing particularly in prime office assets in Madrid and Barcelona as well as amongst dominant retail centres The best performing peripheral market was Dublin, a physically small investment market which is seeing strong underlying rental recovery – a combination of features which has driven prime yields down 200bps in 18 months amidst predictions of new record rents of €60 per sq ft in 2016

Offices

London continues to exhibit the triumvirate of rental growth drivers - lack of new supply, accelerating take-up (particularly pre-lets) and alternative use demand for existing space I have written extensively over the last three years on the positive supply/demand dynamics in both London's office and retail markets Not only have we witnessed these strengthening market conditions but we have had the vehicles through which to access the market Alongside the UK's two largest property companies (which each hold 50%+ of their assets and the bulk of their development pipeline in the capital) we are fortunate to have a further half dozen smaller, more nimble, manufacturers of return and it is one of those CEOs who recently described the office leasing market 'as the best I've seen in 30 years' City of London take up at over 8 million sq ft was a record year, whilst the West End at over 4 million sq ft was second only to 2007 Vacancy at 7 6% and 3 4% respectively still masks a severe shortage of Grade A space, particularly in the West End Record rents are being set in many of the emerging locations north and east of the City and areas such as Kings Cross and SE1 are reinvigorated and vibrant However yields are at record lows and rental growth will need to be sustained in order to maintain this level of investor appetite The supply response will inevitably arrive but our forecasts predict that this will still be below the long term average in the core markets in which our preferred stocks are focused Employment growth is the driver and the increasing population brings particular social, housing and infrastructure issues which could prove restrictive We remain overweight Great Portland Estates, Derwent London, Shaftesbury and CLS whilst retaining a market weight in Workspace

Paris remains the Company's second largest geographical investment and we continue to focus our exposure on the city centre rather than the wider Ile de France (Greater Paris) region The vacancy figures explain our reluctance to increase exposure Vacancy across Greater Paris at the end of 2014 stood at 7 4%, a total of 5 million sq m, the same

Manager's Report *continued*

as 2013, whilst take up rose 13% to 2 1 million sq m, which was matched by growth in new supply The 10 year average is 2 3 million sq m per annum Vacancy rates range from 16% in the Peri-Defense area (west of La Defense) to 5% in Paris Inner City Our largest Paris investment is Terreis which owns assets in the core CBD Looking forward, the situation is at best described as stable with speculative supply at a 10 year low and French service sector employment surprisingly resilient, showing a small net increase in 2014

Sweden's economy continues to improve with GDP growth expectations greater than Continental Europe, aided by a depreciating currency (The Swedish Krone was down 18 6% against GBP in the last 12 months) and a strong banking sector lending to both business and consumer Population growth and stable employment has driven rental values in both Stockholm and Gothenburg up 5% this year Not on a par with London but significantly ahead of most European cities

Whilst Germany has been the greatest beneficiary of the weakening EUR, the fortunes of the office markets of its 6 largest cities have been more mixed Frankfurt, the largest, continues to suffer from oversupply whilst Berlin, Hamburg and in particular Munich showing renewed equilibrium between landlord and tenant We have increased our exposure to Alstria, the largest pure German office play VIB Vermoegen remains a key holding providing a pure play on Bavaria, the strongest performing region in Germany

Amongst the peripheral markets I have already touched on Dublin (our exposure has been through Green Reit +36 8% over the year) and rents in central Madrid, Barcelona and Milan are showing signs of stabilising amidst early indications of occupancy growth

Outside of these dominant cities, the only regional office markets which are experiencing renewed take up and a positive impact on rents are in the UK Overall M25 office vacancy has dropped from 16% to 13% with take up of over 4m sq ft in 2014, ahead of the long run average Again within that broad region-wide statistic there are many hot spots of much lower vacancy and we maintain our exposure to the Thames Valley through McKay Securities Further away from London, the largest regional cities are also experiencing real rental growth for the first time since 2007 Office rents for the 9 biggest cities outside London grew by 5 8% in 2014 and the shortage of space is only set to continue this trend

Retail

Last year I highlighted the ongoing 'structural seismic shifts' at work in this market as retailers and landlords continue to grapple with omni-channel retailing and seek to right size their physical presence The UK remains the most advanced in this evolution with the combination of high per capita spend, population density and digital penetration providing retailers and (some) landlords with critical data analytics on the rapidly changing customer habits Several themes which I have highlighted in recent years have evolved further Supermarket operators remain in the forefront of investor concerns, the disruptive technology of online shopping and home delivery coupled with a good old fashioned price war from ever strengthening discounters has resulted in shrinking portfolios and falling rents Not a sector we want exposure to The opposite applies to city centre convenience stores where we see larger operators capturing market share and responding to our changing food shopping habits – fresher food and smaller basket sizes but bought more often This is a hard sub-sector to get access to but we have significant exposure through our redevelopment (and near doubling in size) of our Waitrose store in Bayswater

Two other themes continue to resonate With consumers making fewer but longer trips and demanding a wide cross-section of comparison shopping we have maintained our exposure to the largest centres where we expect rents to recover first Given the Eurozone's woes, it may appear counterintuitive when I state that our focus has been on Continental retail businesses such as Unibail and Klepierre rather than the UK names This is primarily a function of rent sustainability and affordability Wage inflation and spending power is definitely improving faster in the UK than on the Continent (ex Germany) and whilst we expect this to feed through into retailers' figures we remain pessimistic about UK landlords being able to share in this improving situation With the 5 yearly upward-only rent review cycle many retail landlords continue to have over rented units in their malls Intu's like for like rental income fell -3 2% for the year to December 2014

Reflecting on affordability, we have increased our exposure to a particular segment of the 'squeezed middle'

Manager's Report *continued*

of the retail built environment This euphemism refers to all sub regional centres which have (and may well continue to) suffer from the challenges of omni-channel retailing Rents and rental values have fallen precipitously over the last 7 years and this sector has been shunned by investors, resulting in appropriate valuation levels However in many cases they are a dominant part of the local infrastructure and retailers are happy to trade from these centres if the rent is affordable and the management of the centres competent We have increased our exposure to three specialists in this market, NewRiver Retail and Capital & Regional in the UK and Mercialys in France All three are developing sustainable earnings and dividend yields over 5%

The final theme within retail has been the growth in rents in prime European city centres In 2013 the CBRE European Prime High Street Rent Index rose 6 2%, but softened in 2014 to a still healthy 2 4% Dominant city centres, particularly those with high tourist footfall continue to see buoyant demand and rental growth Capital and Counties, the major landowner in Covent Garden has generated a 32% increase in rental values over the last 3 years

Distribution and Industrial

According to IPD, this sector has the second highest total return in 2014 beaten only by Central London offices Traditionally this is the asset class where rents respond fastest to economic growth but where the supply response is also the quickest The IPD Industrial sub-sector initial yield tightened by 71bps from March 2014 to March 2015 resulting in a total return of 22 7% The distribution sector has been a huge beneficiary of the supply chain evolution experienced by their retailer customer base Forrester, a retail consultancy, estimate that pan European online retailing will double between 2014 and 2018 from €81bn to €190bn All of these goods pass through a distribution chain direct to the consumer rather than the traditional destination of either the shopping centre or high street retail unit The logistics network is undergoing the same seismic shifts as the retailing environment and investors are keen to own the sector In the UK, logistics investment turnover rose +54% to £4 2bn whilst on the Continent it rose +29% to €30bn

Industrial rents have begun to see growth particularly in the South East of the UK with Segro reporting 3 2% ERV growth for 2014 whilst their Northern European assets reported -0 8% reflecting the spare capacity in core European markets and the lack of demand pressure to drive rents Hansteen's assets in the Low Countries and Germany saw vacancy reduce from 16 2% to 14 8% over 2014 However, this year-end figure does also reflect the acquisition of a large Dutch portfolio with lower vacancy Adjusting for this the reduction in vacancy over the year was modest

CBRE's EMEA Industrial Rent Index rose just 0 8% in 2014 but with the strongest gains in the UK, Germany and Ireland

Residential

This sector has continued to grow in importance within the portfolio The combination of structural undersupply, ultralow interest rates and renewed wage growth in our preferred markets has led to increased exposure in the UK, Germany and Sweden In both Germany and Sweden our focus remains on the private rented sector as opposed to the development driven businesses in the UK Stockholm apartment values rose +15% in 2014 and were up 9 3% in Q1 2015 an astonishing acceleration reflecting both the undersupply in a city whose population is growing fast but also the availability and cost of mortgages Our exposure is primarily through Wallenstam, Balder and D Carnegie This last company raised just SEK 600m (£50m) in April 2014 and has risen 48% since then It joins a long list of smaller businesses that we believe occupy particular niche markets In Germany, where rents are ultimately controlled through the Meitspeigel 'rent table', we have continued to see upward pressure as demand continues to outstrip supply The companies we invest in have virtually no vacancy Once again, rental growth varies hugely across the country with Deutsche Wohnen's Berlin apartments (70% of its assets) recording average growth of 2 5% 2014 was another year of consolidation with Deutsche Annington acquiring Gagfah The combined entity has 230,000 apartments and a market cap of €11bn The private rental sector is big business in Germany and economies of scale are critical in growing earnings

The UK market has not been such a one way street The Bank of England's mortgage lending review has certainly impacted larger mortgages and higher loan-to-values as well as slowing the pace of transactions as mortgagors become increasingly rigorous in their assessment of borrowers' ability to afford repayments This resulted in slower nationwide house price growth than 2013, but

Manager's Report *continued*

the successful use of these macro tools to manage price growth whilst keeping short term rates very low will, I believe, come to be viewed most positively The house builders have not been deterred, they appreciate the strong fundamentals and continue to buy land and bring forward their planning pipeline Our overall exposure to the sector in the UK did not materially change in the period, but our focus shifted towards the regions and away from London Alongside St Modwen (a longstanding favourite stock) we hold Urban & Civic which owns two large development sites at Alconbury (south of Cambridge) and Rugby, whilst we reduced exposure to the London focused businesses, Quintain and Capital & Counties I was not calling the top of the London residential market, merely suggesting that these businesses could 'mark time' as capital growth paused in the face of various pressures ranging from affordability (particularly domestic sterling buyers) through to fears at the time of a 'mansion tax' In the year to March 2015, both stocks underperformed the benchmark over the year, Quintain fell -8 2% and Capital & Counties rose +15%

Debt and Equity Capital Markets

Seven years on from the start of the global financial crisis, commercial real estate lending to both public and private companies accelerated strongly in 2014 Whilst the overall amount of debt only increased modestly by €23bn (CBRE estimate a total pool of €978bn) the interesting statistic is that this includes €49bn of debt sold in loan portfolio sales which is roughly 5% of the aggregate commercial real estate debt on all European banks balance sheets This is crucial evidence of banks successfully deleveraging from their nonperforming legacy loan books 80% of these sales were to US private equity buyers who continue to focus on Europe as a recovery play Sales of non-performing loans enables banks to clear the provisions on their balance sheets and begin a new vintage of loans In fact, adjusting for these loan sales, CBRE estimate new lending was up 47% on the equivalent 2013 figure This figure is still less than half the amount let in the peak year of 2007

Listed companies have enjoyed not only this renewed lending from traditional banking sources but also the deep demand from the public debt markets The search for income continued to drive bond yields down and property companies raised £9 5bn in the year to March 2015, compared to £5 6bn in the previous 12 months In last year's report I highlighted Unibail's €700m 10 year bond issued in June 2013 at an all in coupon of 2 5% commenting on the attractiveness of such cheap, long term debt Little did I expect to report that in October 2014, they issued a €750m 7 year bond at 1 375%, a neat comparable illustrating how far debt costs have come down

It is important to note that whilst the amount of debt raised has clearly increased we have also seen a steep increase in the amount of existing debt being renegotiated With investors seeking out businesses with higher earnings and payout ratios, many companies have sought to reduce their cost of debt by paying banks to cancel expensive swaps in return for newer cheaper debt This is clearly a case of ' robbing Peter to pay Paul' but the market's positive response to the resulting higher earnings reflects the appetite for income

Equity capital markets have also had a busy year but it has been dominated by primary issuance from existing companies rather than IPOs Rights issues and raisings (often just accelerated book builds of 10% of existing equity) raised £7 2bn of equity in the period Last year I wrote about the huge growth in the number and size of the German listed residential businesses as their predominantly private equity owners sold down their controlling stakes This process continued in 2014 with large placings in both Deutsche Annington and Gagfah

Spain continued to see a flurry of 'cash box' IPOs in the first half of 2014 with Hispania (raising €336m) and Merlin (raising €1 2bn) These companies start life with the cash proceeds from the IPO and then aim to invest this capital (together with debt) in suitable acquisitions In the case of Merlin it had acquired a nationwide portfolio of banking premises let to BBVA in anticipation of the flotation

In Norway we saw the long awaited sale of 50% of the state owned Norwegian office property business valuing the business at Norwegian Kroner 12bn (£1 1bn) It has been a steady performer rising 28% despite the concerns over the lack of employment growth in oil related businesses Neighbouring Sweden also saw the return of an industry veteran, Jens Engwall floating his highly leveraged company Hemfosa in March 2014

With such buoyant capital markets and demand for commercial property it is no surprise that we have seen

Manager's Report *continued*

two delistings in the year, Max Property in the UK and CFI in France The latter was more of a trade sale as UGC, the tenant of all 12 cinemas had the option to buy the portfolio The history of Max Property was covered in detail in the Interim Report in November Whilst the investment was a successful one for the Company (a total return of 84 2%) the key point is that the entire portfolio was bought by Blackstone very shortly after the company announced its 2 year winding up programme It would not be a great surprise if we saw more large private equity businesses acquiring listed assets The highly regarded management team behind Max quickly resurfaced in the public domain with the UK's only 2014 IPO, the listing of Secure Income Reit in May This vehicle raised a very modest £15m of fresh capital, of which the Company invested £2m It owns a mixed leisure and healthcare portfolio of very long leased properties with high leverage The stock rose 73% over the period and we expect more equity issuance as more acquisitions are undertaken

Property shares

In my introduction I highlighted the impact of vigorous ongoing monetary easing on the performance of a leveraged asset class such as real estate equities The UK benefited through both 2012 and 2013 with significant outperformance by domestic property companies compared with their European cousins However through 2014 and in particular Q1 2015 it was the turn of Continental real estate shares to benefit from the largesse of the central bank To illustrate the point, Continental stocks outperformed UK stocks, all in local currency, by 10 3% in the fourth quarter alone with the ECB announcing their bond buying programme on 15 January

The performance of the Eurozone companies, when viewed in local currency, was very dramatic returning +40 7% over the year At the country level, the spread in performance was not as broad as we have seen in previous years The asset inflation assisted by further falls in both bond yields and the cost of capital was felt across the entire region

Germany was the top Eurozone performer with a total return of 54 4% The combination of strong domestic growth coupled with Bund yields driving inexorably down to close to zero was a very attractive backdrop for the asset class Global demand for the large, liquid residential businesses which dominate the German listed property index was strong International investors saw these companies as a perfect way to combine pure domestic German exposure with an attractive leveraged asset class

Sweden was once again a very strong performer when viewed in local currency with the group of stocks returning 42 9% in SEK but only 20 7% in GBP Swedish property companies do not benefit from the tax transparent 'Reit' structures and therefore they maintain higher levels of debt, partly as a tax shield With asset prices rising and the Riksbank cutting the base rate (twice) in the year, net asset values quickly appreciated as did earnings estimates (as interest bills fell) In addition these rate reductions helped maintain the steady depreciation of the currency Local banks have been enthusiastic lenders to the property sector and competition has reduced debt margins further Sweden suffers from a shortage of housing, particularly in its larger cities and with the economy forecast to grow by 2 3% in 2014 and 3% in 2015 (UBS Economics forecast) the rapid growth in house prices was reflected in the performance of Balder, our preferred residential name, which rose 86% in the year The sharp eyed will have noticed that I highlighted this same stock in last year's annual report after it rose 71% in the year to March 2014 The founder and CEO continues to own 39% of the company

The other standout performer in the year was also Swedish, Hemfosa whose IPO was mentioned earlier The stock returned 97% since coming to the market in March 2014 The company rapidly invested the equity raised and took its LTV to 62% as at December 2014 It has since raised more capital through preference shares, which carry an annual coupon and are therefore debt (as far as we are concerned) and the current loan to value is a stretched 68% I admit that we sold our holding too early but I don't hold businesses with that level of leverage unless it is heavily discounted, which in this case it isn't

Swiss property stocks have been a longstanding underweight in this portfolio Asset values have been stagnant for many years with low levels of turnover, the underlying rental markets either suffer from oversupply (Zurich offices) or at best offer pedestrian growth whilst the companies lack dynamic management The sector has had an annualised return of 6 5% over the last 3 years versus the pan European benchmark return of 18 4% However, as mentioned in the introduction, the dramatic intervention by the Swiss National Bank in not only

Manager's Report *continued*

removing the CHF/EUR cap but also moving to negative overnight rates was a catalyst for the sleepy world of listed Swiss property companies The two large companies, PSP Swiss and Swiss Prime Site both rose nearly 20% between 16th January and the end of February as domestic investors quickly bought into their steady dividend yields (3 7-4 0%) rather than leaving their money in the bank who now charged 0 75% for the pleasure of looking after it We reacted quickly, increasing our exposure from 1 7% to 4 5% of net assets This was a good example of an environment in which we needed to adjust our long standing view of the underlying weak property market fundamentals which were being overruled by exogenous central bank policy decisions

The UK stocks collectively rose 25 1% and therefore outperformed the rest of Europe when viewed in GBP as highlighted earlier Again there was less dispersion of returns than in previous years with a handful of notable exceptions Within the London specialists, Workspace returned 46 1% as it benefited from a rerating of its portfolio and a surge in investor interest in its SME focused, shorter term lease model The other outstanding performance was from Unite, the specialist student accommodation provider which rose 36 3% Strong demand from institutional investors and private equity has driven yields down sharply in this sector Unite, as the largest manager in the country, benefits from economies of scale and a marketing reach well beyond its competitors particularly for the growing overseas student market

At the half year I wrote that our residential exposure was focused increasingly outside of London and indeed those businesses with the greatest Central London residential exposure (with the exception of Workspace) were amongst the poorest performers, Capital & Counties and Quintain New build residential remains the one market which is showing signs of near term oversupply We also completed the sale of the Vauxhall property following receipt of the permitted development right for conversion to residential further reducing our London residential exposure In the longer run we remain confident of the strength of the London residential market as a store of wealth and that key infrastructure such as Crossrail will enable this capital city to cope with the forecasted population growth rate

Distribution of Assets
UK equity exposure at 42 8% was lower than in March 2014 (43 3%) and due in part to the significant return of capital (2 4% of NAV) from the delisting and sale of Max Property in August Continental European exposure increased to 50 6% from 49 0% Investors might have expected this percentage to have grown more but the movement in the currency had a dramatic effect on the relative size of the non-GBP denominated asset base

Our physical property asset exposure fluctuated with the sales and purchases ending the period at 6 6%

Investment Activity
Over the period, turnover (purchases and sales divided by two) totalled £249 4m and equates to 27 4% of the average net assets over the period This percentage is a very similar level to last year (27 8%) but the last two years have been higher than the long term average The reasons given in last year's annual report apply equally to this year, namely higher levels of equity issuance (both primary and secondary) coupled with the response required to changes in macro driven sentiment In addition the two de-listings (Max Property and CFI) also meaningfully increased the turnover figures

As noted under Distribution of Assets, the ratio of UK and Continental European exposure hardly altered over the year In the interim report I commented that, given the expectation of further monetary easing in the Eurozone I would expect Continental exposure to increase from this point Indeed, as detailed below, our exposure to Eurozone companies did increase, only for the currency depreciation to impact the ratios The focus remains on businesses exposed to sound underlying property markets rather than the greatest short term beneficiaries of central bank largesse Given this approach, the most significant increase in exposure was in German residential The fund not only participated in secondary placings in Deutsche Annington and Gagfah but also bought into Buwog, the residential arm of Immofinanz (an Austrian listed property company) which was spun out in October We also added to all other existing residential names over the period With Deutsche Annington acquiring Gagfah in March the combined entity together with Deutsche Wohnen are now ranked #4 and #7 largest companies in our pan European benchmark

Manager's Report *continued*

The other major sector consolidation in the year was the merger of Klepierre and Corio This was effectively a takeover by Klepierre, masterminded by the 23% controlling shareholder Simon Property (the largest US retail REIT) Announced in late July, Corio's stock leapt 11% on the day as investors welcomed a fresh management approach

Following further IPOs, the Spanish exposure in the benchmark has increased modestly to 1 4% Our exposure remains lower than the index Whilst we participated in both Hispania and Merlin Properties we have traded most of these positions and bought back only when the stocks were on hefty discounts to asset value last summer The Spanish economy is indeed improving fast but we remain sceptical that a return to rental growth is imminent What is plainly apparent is the wave of capital driving up asset prices and weakening the 'cash box' business model as potential purchases have become more expensive

In the UK we participated in a number of corporate situations Capital & Counties, Hammerson and NewRiver Retail all carried out 10% overnight placings at single digit discounts to the previous price In each case the proceeds had a clearly defined purpose and such placings enable a large fund such as this one to participate on an appropriate scale I explained earlier the decision to invest in certain businesses focused on sub-regional shopping and we participated in the Capital & Regional £160m capital raise to acquire the remainder of the Mall partnership from Aviva The company now owns outright 7 UK shopping centres (plus interests in a further 2) and has sold virtually all its non-core activities These centres' rents have been reset down to new, post-crisis, levels and tenant affordability will enable these centres to generate very acceptable returns even as they continue to deal with the structural changes in retailing This company will also be able to drive down its overheads as its business model simplifies and we hope it will act as a platform for further consolidation in this fragmented sub-market

Revenue

As highlighted in both the Interim Report and in the Manager's Report, the current year earnings of 8 89p include a number of one-off events The two with the most significant impact were an unexpected dividend from Max Properties, which paid out its accumulated earnings prior to a takeover by a private equity group, and our largest investment, Unibail moving from paying a single annual dividend to semi-annual distributions The Company received the last annual dividend from Unibail in May 2014 and the first interim dividend in March 2015, so effectively received one and a half times the usual dividend from this holding in the financial year Other corporate actions also led companies to pay out earnings earlier than anticipated The cumulative effect of all these was 1 25 pence per share

Without the items highlighted above, the anticipated fall in earnings from the prior year, (which had also included a number of one off items) would have materialised Underlying growth in the dividends has come through, albeit not at the rate that the 10% growth in earnings set out in the Financial Highlights might suggest Without the one-off items mentioned above, the earnings would have been around 7 64p per share The full year dividend at 7 70p, some 3 4% ahead of the prior year, takes this into account

Revenue Outlook

At the risk of being repetitive, I must caution again that a fall in earnings is anticipated in the 2015/16 financial year This is due in part to the fact that we are seeing a fall in income from our direct property portfolio as the redevelopment at the Colonnades is underway This is temporary and will benefit the income account in the longer term In addition, the acquisition of Corio by Klepierre benefitted the income account in the year under review by bringing income forward, however, it will result in a fall in income from this holding in the next financial year, although normal business is expected to be resumed thereafter

Importantly, we expect the rate of growth in income from the underlying portfolio to slow but remain positive In the last two years, companies have benefitted from refinancing at lower rates than the retiring debt which has provided a significant boost to income accounts However, much of this refinancing activity is now complete and further income growth will be determined by underlying rental growth which we expect to be modest

As usual, we cannot foresee more one–off events which will impact the revenue account in a positive or negative way Timing of dividends close to our year ends, the impact of currency movements on our non-sterling income, and the way in which companies pay the dividends which in turn can affect the way in which they are taxed are all factors that we are unable to control

Manager's Report *continued*

As the Chairman highlighted in her Statement, the Board will not be afraid of utilising the revenue reserves to maintain and even grow the dividend, providing they are confident that the shortfalls will not be long term and there is evidence of underlying income growth in the portfolio

Gearing, Debt and Debentures

Gearing levels have not changed markedly during the period, although the end of the period saw a modest fall in the levels of debt drawn

Our facility with RBS was renewed in January and the financing terms improved We have just completed the renewal of the ING facility, also on lower margins The CFD portfolio was a source of cheaper funding during the year and around half of the gearing was achieved in this way

We are also in discussion with other potential lenders as our GBP15m debenture is finally due for repayment in February 2016 This is a small liability for this size of Investment Trust, but at a fixed interest rate of 11 5% we will be happy to repay

Direct Physical Portfolio

It was another busy year for the physical property portfolio which produced a total return of 15 0% over the 12 months made up of a capital return of 11 2% and an income return of 3 7% The IPD Monthly Index total return was 18 3% (a capital return of 11 6% and an income return of 6 0%) During the year 5 separate property transactions were concluded totalling £30 8 million

There were three purchases over the year In the Interim Report we wrote about the acquisition of a logistics unit in Bristol for £4 58m, reflecting a net initial yield of 6 9% and an industrial building in Plymouth, where we paid £3 25m reflecting a net initial yield of 8 0% Since the Interim report we acquired Beacon House in Wimbledon for £3 5m which reflects a net initial yield of 4 5% and a capital value of £300 per sq ft The property is a 12,500 sq ft office located close to the train station in this affluent London suburb The upper floors are let on short leases expiring in March 2016 and the ground floor is let to the British Red Cross on a long lease at a nominal rent The purchase rationale centres on the refurbishment and reletting of the building to provide good quality office accommodation in a London suburb where prime rents are £45 per sq ft and there is a distinct lack of available stock Excluding the Red Cross income the average rent in the building is £18 per sq ft

There were two sales, Vauxhall and Milton Keynes The sale of Vauxhall completed at the beginning of the year 4 2% ahead of the March 2014 valuation, following confirmation from Lambeth Borough Council that the building could be converted to residential use The sale was in line with the Company's strategy of reducing exposure to the central London residential market In December we concluded the sale of the Milton Keynes office to the tenant for £5 million, a 30% premium to the September book value

At The Colonnades, Bayswater, following receipt of planning permission and completion of the agreement for lease with Waitrose in March 2014, construction of the extended and refurbished commercial accommodation began in September At the time of writing the project is on time and on budget with handover to Waitrose of their new supermarket set for August 2015 The construction investment for the year was £2 5m with a further £6m of capital expenditure remaining Completion of the entire scheme is set for November 2015 and we have started to market the 5 ground floor retail units with good expression of interest received Residential lease extensions also continued with another 11 completions in the year providing the Trust with net receipts of £0 9m Close to 50% of 242 flats have now completed lease extensions

Outlook

The ultra-low and indeed, in some instances, negative bond yield environment across the Eurozone fostered by the ECB's bond buying stimulus drives an unprecedented hunt for yield It also reduces the cost of capital leading to asset value inflation in Continental Europe Our view is that the ECB will ensure that the programme continues until they are very comfortable that the benefits are being felt in the wider real economy However, as should be clear from the tone of this report we prefer companies that are close to, or experiencing real rental growth in their portfolios Asset prices stimulated by central bank intervention need to eventually find an underpinning from occupier demand and we watch closely for appropriate data points Importantly the lack of new construction and reluctance of banks to fund speculative development continues to reassure us that improving economic fundamentals which deliver tenant demand will translate into rental growth promptly

Manager's Report *continued*

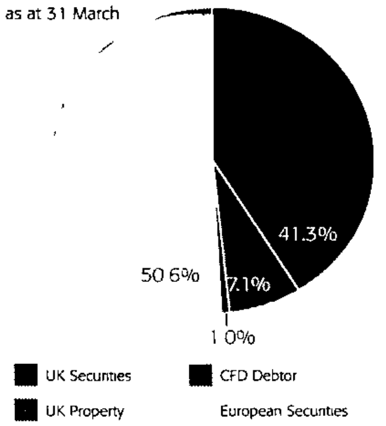
At the time of going to print the Conservatives had, against almost universal expectation, won a slim majority at the UK General Election Whilst this certainty is good news for business in general it does bring renewed focus on the possibility of an EU referendum in 2017 The ability of the single currency to deal with its immense structural issues will remain a central theme for investor sentiment and the immediacy of the Greek debt renegotiation reminds us of the complexities We expect the European Central Bank's monetary policy to remain accommodating

Meanwhile in the UK, the expectation of the commencement of an upward rate cycle may weigh on short term asset appreciation in the UK However we think that quite quickly commercial property investors will adapt to the new environment where modest increases in the base rate will be the appropriate response of the central bank to an economy growing faster than its neighbours Combined with so little new development over the last 7 years ongoing tenant demand will be good news for rental growth

Marcus Phayre-Mudge
Fund Manager
9 June 2015

Portfolio

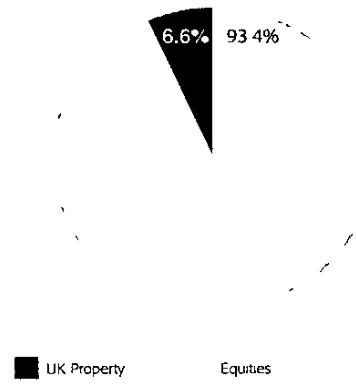
Distribution of Investments
as at 31 March



Distribution of Investments
as at 31 March

	2015 £'000	2015 %	2014 £ 000	2014 %
UK Securities – quoted	**434,549**	**40 7**	365,242	41 3
– fixed interest	**6,130**	**0 6**	5,565	0 6
UK Investment Properties	**75,434**	**7 1**	71,115	8 0
UK Total	**516,113**	**48 4**	441,922	49 9
European Securities				
– quoted	**539,007**	**50 5**	435,929	49 4
– fixed interest	**868**	**0 1**	2,632	0 3
Investments held at fair value	**1,055,988**	**99 0**	880,483	99 6
– CFD debtor[1]	**10,604**	**1 0**	3,351	0 4
Total Investment Positions	**1,066,592**	**100 0**	883,834	100 0

Investment Exposure
as at 31 March



Investment Exposure
as at 31 March

	2015 £'000	2015 %	2014 £ 000	2014 %
UK Securities				
– quoted	**434,549**	**38 2**	365,242	39 4
– fixed interest	**6,130**	**0 5**	5,565	0 6
– CFD exposure[2]	**46,791**	**4 1**	30,532	3 3
UK Investment Properties	**75,434**	**6 6**	71,115	7 7
UK Total	**562,904**	**49 4**	472,454	51 0
European Securities				
– quoted	**539,007**	**47 3**	435,929	47 0
– fixed interest	**868**	**0 1**	2,632	0 3
– CFD exposure[2]	**36,002**	**3 2**	16,219	1 7
Total Investment Exposure[3]	**1,138,781**	**100 0**	927,234	100 0

Portfolio Summary
as at 31 March

	2015 £'000	2014 £'000	2013 £'000	2012 £ 000	2011 £ 000
Total investments	**£1,056m**	£880m	£740m	£516m	£571m
Net assets	**£1,010m**	£809m	£684m	£470m	£531m
UK quoted property shares	**41%**	41%	37%	34%	34%
UK fixed interest	**1%**	1%	0%	0%	0%
Overseas quoted property shares	**51%**	50%	56%	56%	58%
Overseas fixed interest	**0%**	0%	0%	0%	0%
Direct property (externally valued)	**7%**	8%	7%	10%	8%

1 Net unrealised gain on CFD contracts held as balance sheet debtor
2 Gross value of CFD positions
3 Total investments illustrating market exposure including the gross value of CFD positions

Investment Portfolio by Country *as at 31 March 2015*

	£'000	Market value %
Austria		
CA Immobilien	6,428	0.6
Buwog	4,559	0.4
	10,987	**1.0**
Belgium		
Warehousing and Distribution de Pauw	6,845	0.7
Befimmo	1,751	0.2
Wereldhave	493	–
	9,089	**0.9**
Finland		
Sponda	2,983	0.3
Citycon	1,424	0.1
Technopolis	356	–
	4,763	**0.4**
France		
Unibail-Rodamco	86,671	8.1
Klépierre	34,930	3.3
Terreis	11,693	1.1
Foncière des Régions	10,990	1.0
Gecina	10,425	1.0
Foncière des Murs	7,722	0.7
Mercialys	7,482	0.7
Argan	5,912	0.6
ANF Immobilier	865	0.1
	176,690	**16.6**
Germany		
LEG	42,776	4.0
Deutsche Annington	41,818	3.9
Deutsche Wohnen	33,279	3.1
Deutsche Euroshop	17,384	1.6
Alstria Office	13,685	1.3
VIB Vermoegen	9,491	0.9
TLG	2,834	0.3
Prime Office	1,367	0.1
	162,634	**15.2**
Ireland		
Green Reit	5,046	0.5
	5,046	**0.5**
Italy		
Beni Stabili	2,418	0.2
	2,418	**0.2**
Netherlands		
Eurocommercial Properties	11,960	1.1
Wereldhave	9,369	0.9
Vastned Retail	8,599	0.8
	29,928	**2.8**
Norway		
Norwegian Property	3,760	0.4
Entra	3,636	0.3
	7,396	**0.7**
Spain		
Merlin	3,439	0.3
Hispania Activos	905	0.1
	4,344	**0.4**

	£'000	Market value %
Sweden		
Wihlborgs	13,863	1.3
Kungsleden	11,887	1.1
Fabege	11,113	1.0
Castellum	9,356	0.9
Hufvudstaden	8,631	0.8
Atrium Ljungberg	8,566	0.8
Fastighets Balder	8,533	0.8
D Carnegie	1,927	0.2
Wallenstam	1,410	0.1
Fastighets Balder (Pref)	760	0.1
Hemfosa	699	0.1
Klovern (Pref)	282	–
Klovern	1	–
	77,028	**7.2**
Switzerland		
PSP Swiss Property	25,067	2.4
Swiss Prime Site	22,892	2.1
Mobimo	725	0.1
	48,684	**4.6**
United Kingdom		
Land Securities	77,292	7.2
Great Portland Estates	44,478	4.2
British Land	42,063	3.9
Hammerson	39,295	3.7
Derwent London	34,984	3.3
St Modwen	28,880	2.7
CLS Holdings	21,073	2.0
Unite Group	20,094	1.9
Shaftesbury	13,195	1.2
McKay Securities	12,602	1.2
Capital & Counties	11,644	1.1
Grainger	9,338	0.9
Capital & Regional	8,742	0.8
Safestore Holdings	7,997	0.7
Hansteen Holdings	7,995	0.7
Big Yellow Group	7,467	0.7
NewRiver	7,246	0.7
Workspace Group	7,110	0.7
SEGRO	6,554	0.6
Quintain Estates & Developments	5,942	0.6
Urban & Civic	4,883	0.5
Picton	3,686	0.3
Secure Income Reit	3,391	0.3
Local Shopping Reit	2,808	0.3
Helical Bar	2,416	0.2
Redefine	2,350	0.2
Londonmetric Property	737	0.1
Pactolus Hungarian	201	–
Nanette Real Estate	86	–
	434,549	**40.7**
Direct Property	**75,434**	**7.1**
Fixed Interest		
NewRiver 5.85% 31/12/15 (United Kingdom)	6,130	0.6
VIB Vermoegen 4.00% 05/12/16 (Germany)	868	0.1
	6,998	**0.7**
CFD Positions (included in current assets)	**10,604**	**1.0**
Total Investment Positions	**1,066,592**	**100.0**

Twenty Largest Equity Investments

		Shareholding Value % of investment exposure† % of equity owned Share price at 31 March 2015 (2014)	**Comment** Note Market caps yields and share price returns all at end March 2015
1	Land Securities (UK)	£100 0m (£84 53m) 8 8% (9 1%) 1 0% (1 0%) 1,253 0p (1,021 0p)	The UK's largest real estate investment trust (REIT) by market cap and portfolio value, with a portfolio of £13 3bn including share of joint ventures and developments The company is exposed to Central London Offices and Retail (47%), Shopping Centres (30%), Retail Warehouses & Supermarkets (11%) and other investments (predominantly Accor hotels and leisure-focused assets) (12%) The group has continued its exit from mature ex-growth regional retail assets with reinvestment into Bluewater (a dominant shopping centre in the South East) and the London development schemes Development exposure remains strong with Nova in Victoria and New Street Square in the city progressing well The group has also committed to develop the Westgate Shopping Centre in Oxford to satisfy demand in this undersupplied affluent catchment Last reported loan to value was a low 35% and will be lower post the FY15 results and the group remains committed to a strict capital allocation process The five year total shareholder return has been 121 5%
2	Unibail-Rodamco (France)	£93 46m (£76 48m) 8 2% (8 3%) 0 5% (0 5%) €251 05 (€188 50)	Europe's largest quoted property company by both market cap and gross assets, following the June 2007 merger with Rodamco Its €27bn portfolio is located in France (53%), Central Europe (18%), Scandinavia (10%) Spain (10%), Austria (9%) and the Netherlands (6%) The focus is on large dominant shopping centres in the main European cities, which generate higher sales density/footfall and lower structural vacancy The group disposed its exhibition/convention business in March 2015, and intends to use the proceeds to fund its €8bn development pipeline To supplement returns the group also pursues an opportunistic strategy (buy/build and sell) on offices (12%) mostly located in Paris CBD and La Défense Management recently upped its guidance for EPS growth from 5-7% to 6-8% over the next 5 years, although this was from a lower starting base The current loan to value stands at 37% with an average debt maturity of almost 6 years The five year total shareholder return has been 150 4%
3	Klépierre (France)	£45 10m (£19 10m) 4 0% (2 1%) 0 4% (0 2%) €45 69 (€32 45)	Klepierre owns a Pan-European shopping centre portfolio valued at €16 4bn located in France (43%), Scandinavia (25%), Italy (11%), Iberia (8%) and Central Europe (7%) The portfolio size will increase to around €21bn after completion of the Corio acquisition Klepierre has an attractive €3 7bn development pipeline (of which €1 1bn committed), which is set to grow further post inclusion of the Corio development pipeline in the Netherlands Simon Property Group, the largest global shopping centre REIT owns a 29% stake and has been a positive force since it acquired the shares in 2011 The five year total shareholder return has been 106 8%
4	Great Portland Estates (UK)	£44 69m (£34 90m) 3 9% (3 8%) 1 6% (1 6%) 812 0p (631 0p)	This Central London office investor and developer manages £2 9bn of property with exposure to West End and City Offices and Retail (77% and 23% respectively) The group has had another strong year with significant lettings signed at its developments schemes and an un-geared LFL portfolio growth of c 15% in the nine months of its financial year to December 2014 Great Portland is a total return investment with the majority of returns generated from management's ability to redevelop or refocus an asset through development to drive rental growth and capital appreciation In total, the group has 2 2m sqft of short and medium term developments compared to a current portfolio of 4 0m sqft Alongside management's commitment to capital recycling, the strong balance sheet (27% LTV) provides capacity to deliver these developments and future acquisitions The five year total shareholder return has been 179 6%
5	British Land (UK)	£42 90m (£42 64m) 3 8% (4 6%) 0 5% (0 6%) 833 0p (654 0p)	With a £12 8bn portfolio (including developments) covering Central London Offices (41%), Shopping Centres, Retail Warehouses and department stores (47%), Supermarkets (10%), and Residential (2%) British Land is the UK's second largest REIT The portfolio is generally of a high-quality with an above-average lease profile (Weighted Average Lease Length to first break of 10 1years) In London, the office exposure is focused on three core clusters Broadgate, Regents Place and Paddington The group completed many developments over the last year and has replenished the pipeline with a focus on prime central London residential schemes and its newest cluster in Paddington Strong revaluations have seen the last reported loan to value reduce to 39%, and management has indicated it will not leverage up in to yield compression, so the LTV is likely to continue to reduce The five year total shareholder return has been 121 2%

†Percentage of Investment Exposure positions include exposure through CFDs

Twenty Largest Equity Investments *continued*

		Shareholding Value % of investment exposure† % of equity owned Share price at 31 March 2015 (2014)	**Comment** Note Market caps, yields and share price returns all at end March 2015
6	LEG (Germany)	£42 80m (£26 11m) 3 8% (2 8%) 1 4% (1 3%) €73 74 (€47 49)	LEG is a German residential company focused on the economically strong region of North Rhine-Westphalia The company is one of the largest real estate companies in Germany with more than 100,000 units under management with a combined value of €6bn LEG is particularly characterized by its strong balance sheet with an LTV of just under 48%, an average debt maturity of 10yrs and an average cost of debt of 2 8% The company has a well maintained portfolio with 97% occupancy and a strong platform from which it intends to grow further The total shareholder return since listing in February 2013 has been 75 7%
7	Deutsche Annington (Germany)	£41 82m (£5 63m) 3 7% (0 6%) 0 5% (0 1%) €31 41 (€20 65)	Deutsche Annington is the largest German residential landlord following the acquisition of Gagfah in 2014, with a total of 350 000 units under management. The large in-house craftsman organization enables the company to run its current €21bn portfolio highly efficiently to optimize rental levels, while offering further economies of scale by acquiring additional portfolios The company reported an LTV of 50% as of December, but this is expected to go up to around 60% following completion of the Gagfah acquisition The company reported a low cost of debt at 3 2%, and there appears to be room to bring this down over the next year The total shareholder return since listing in February 2013 has been 85 1%
8	Hammerson (UK)	£39 29m (£41 34m) 3 5% (4 5%) 0 8% (1 0%) 665 0p (554 0p)	This UK-based REIT is active in both the UK and France as an investor and developer The £5 4bn portfolio is split 43% UK Shopping Centres, 25% UK Retail Parks and 29% French Shopping Centres Retail markets have continued to be tough over the last year and without the benefit from developments earnings growth dropped to 3 5% from c.10% in the prior year However, despite the tough economic environment and threat from the internet the portfolio continues to be well managed with strong lettings and low vacancy, and the group is at the forefront of multi-channel and click-and-collect initiatives The development pipeline remains strong with near-term schemes (e g Victoria Gate (Leeds), Le Jeu de Paume) progressing well and longer-term, transformational schemes (Croydon, Brent Cross and Bishopsgate Goodsyard) slowly moving forward The balance sheet remains strong with an LTV of 32% The five year total shareholder return has been 103 0%
9	Derwent London (UK)	£38 35m (£28 00m) 3 4% (3 0%) 1 0% (1 0%) 3,424 0p (2,710 0p)	Derwent London is a specialist London REIT (97% of portfolio) operating a £3 9bn portfolio with a specific focus on Offices in the West End and areas bordering the City of London Demand for the group's high-quality space remains at record levels (largely driven by the TMT sector) with management guiding rental growth of 6%-8% for 2015 The strategy of low leverage coupled with a sector-leading operational platform and a proven track record of acquisition, repositioning and capital recycling enables management to continuingly deliver sector leading total-returns. Over the last financial year to December 2014 LFL un-geared valuations were up 20% The group is a total return business with a long track record of delivering returns in excess of its cost of capital Following strong revaluations, the balance sheet is possibly slightly under-geared with a loan-to-value ratio of only 24% The five year total shareholder return has been 172 3%
10	Deutsche Wohnen (Germany)	£33 28m (£18 84m) 2 9% (2 0%) 0 7% (0 5%) €23 87 (€15 53)	Deutsche Wohnen is Germany's second largest residential company with the bulk of its exposure to Greater Berlin (73%), while the company also holds assets in cities like Rhine-Main and medium-sized cities like Hanover/Brunswick/Magdeburg The company owns a high quality portfolio consisting of 150,000 units with a combined value of around €10bn Deutsche Wohnen saw strong rental growth and valuation uplifts during the year in Berlin (values +13%), thereby increasing the NAV of the company by 25% compared to a year earlier The company launched a bid for Conwert in March, but failed to acquire the necessary 50% +1 share of the outstanding shares in April, after which it decided to withdraw the bid The five year total shareholder return has been 261 8%

†Percentage of Investment Exposure, positions include exposure through CFDs

Twenty Largest Equity Investments *continued*

		Shareholding Value % of investment exposure† % of equity owned Share price at 31 March 2015 (2014)	**Comment** Note Market caps yields and share price returns all at end March 2015
11	St Modwen Properties (UK)	£28 88m (£26 62m) 2 5% (2 9%) 2 9% (3 0%) 444 0p (400 0p)	St Modwen focusses on land remediation whereby it acquires brown field land which it progresses through the planning process to create oven-ready land for future development. The majority of this land is for residential uses and is primarily sold to housebuilders, although the group now has its own small house building business The group also remediates land for in-house commercial development an area that has finally recovered post the financial crisis and is showing signs of continued growth To support the cost of its development activities the group owns a variety of secondary offices retail and industrial assets The group will continue to benefit from a growing housing market and from exposure to three key development opportunities – New Covent Garden Market, Swansea University's Second Campus and Longbridge Town Centre The strong balance sheet (LTV 31%) provides a sound base from which to benefit from the continued strength of the UK's economy The five year total shareholder return has been 148 2%
12	Unite Group (UK)	£27 12 (£18 05m) 2 4% (2 0%) 2 1% (1 9%) 586 0p (434 0p)	Unite is the UK's largest purpose-built student housing developer, owner and operator The group manages c. 43,000 student beds either wholly-owned or on behalf of joint ventures Unite has a 52% economic interest in the portfolio and its share of assets is worth £1 6bn To enhance returns the group uses its established development team and it recently raised equity again to invest further in the regional pipeline Management's decision to focus on income producing assets, topped-up with development exposure has produced significant results with recurring profits up 350% over the last 4yrs and are forecast to double by 2018 The recent equity raise further improved the balance sheet (pro-forma LTV 32%) and supports future development activity The five year total shareholder return has been 138 1%
13	PSP Swiss Property (Switzerland)	£25 07m (£25 05m) 2 2% (2 7%) 0 9% (1 0%) CHF 91 60 (CHF 83 05)	Based in Zurich, PSP is a real estate investment company owning a portfolio valued at over CHF 6 6bn at the end of 2014 59% of assets by value are located in Zurich, with the remaining properties split mainly between Geneva (13%), Basel (7%), Lausanne (5%) and Bern (4%) Two thirds of rent comes from offices with the remainder coming from retail and parking operations PSP has a solid balance sheet with a 28 9% LTV, 1 70% average cost of debt and 7 8x interest cover ratio The five year total shareholder return has been 63 8%
14	Swiss Prime Site (Switzerland)	£22 9m (£9 96m) 2 0% (1 1%) 0 6% (0 3%) CHF 84 50 (CHF 75 10)	Swiss Prime Site is the largest Swiss investment property company both by market cap and portfolio size (CHF 9 8bn) It is predominantly invested in offices (40%) and retail (32%) assets in Zurich (40%) and Geneva (21%) The company has a relatively high LTV at 51%, but was nevertheless able to successfully raise €600mn of new bonds at an average low interest rate of 1 5% for seven years during 2014 The five year total shareholder return has been 65 9%
15	CLS Holdings (UK)	£21 07 (£15 85m) 1 9% (1 7%) 2 9% (2 8%) 1,720 0p (1,328 0p)	CLS Holdings is a pan European office owner with a £1 3bn portfolio split 54% London, 17% France, 18% Germany, 7% UK regional and 4% Sweden The group targets higher yielding assets with a preference for leases which include fixed annual rental growth and aims to finances these with a very low cost of debt Supplementing this property income return is the c £500m mixed-use development in Vauxhall and an investment in high-yielding corporate bonds The group chooses to buy-back shares annually rather than pay a conventional dividend, which further boosts the NAV growth While the balance sheet gearing is higher than peers (LTV 44%) it has reduced substantially in the last year through property revaluations and we believe the group's assets remain conservatively valued The five year total shareholder return has been 234 0%

†Percentage of Investment Exposure positions include exposure through CFDs

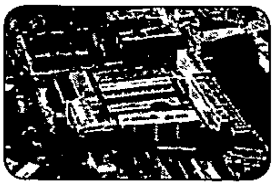
Twenty Largest Equity Investments *continued*

		Shareholding Value % of investment exposure† % of equity owned Share price at 31 March 2015 (2014)	**Comment** Note Market caps, yields and share price returns all at end March 2015
16	Fonciere Des Regions (France)	£20 44m (£10 15m) 1 8% (1 1%) 0 4% (0 3%) €92 17 (€67 16)	Foncière des Régions is a diversified European property company with a consolidated portfolio of €16 4bn of assets (€9 8bn in group share) The asset focus rests on French and Italian offices (65% group share) let on long-term lease contracts to tenants such as France Telecom, EDF, IBM, Suez Environment and Telecom Italia The Italian office exposure is held through Beni Stabili (BNS) In addition, Foncière des Régions has a strategic stake in in Foncière des Murs, a French and German leisure and lodging business of which it owns 28% Furthermore, the company has increased its exposure towards German residential to a group share of 17%, while it also continues to hold minor exposure to the French parking business The group has a 46 1% LTV, with an average cost of debt of 3 3%, down from 4% a year ago The five year shareholder total return has been 64 1%
17	Deutsche Euroshop (Germany)	£17 38m (£17 63m) 1 5% (1 90%) 1 0% (1 2%) €46 24 (€32 97)	Deutsche EuroShop owns a €3 7bn portfolio of prime shopping centres Its portfolio includes sixteen centres in Germany, one each in Austria, Hungary and Poland Deutsche Euroshop's centre management, development and acquisition sourcing is undertaken by third party ECE, the largest developer/manager of shopping centres in Germany The portfolio is characterized by well positioned prime assets, that have long CPI linked or turnover-linked leases (~6 4 years), low vacancy (1%) and a strong tenant mix The company has a solid balance sheet with a 40% LTV and a 6 6yr weighted average debt maturity The five year total shareholder return has been 136 3%
18	Segro (UK)	£13 90 (£4 57m) 1 2% (0 5%) 0 4% (0 2%) 417 0p (332 0p)	Segro is the largest operator of industrial property listed in the UK, with a total portfolio of £4 8bn split 73% in the UK and 27% in Continental Europe Since management announced its strategic review in 2011 the group has completely refocused its portfolio towards modern warehousing, light industrial and data centre assets around core conurbations The vacancy rate has reduced from 12% to 6% through disposals and asset management. With the restructuring largely complete, the group is now moving on to the front foot and is stepping up development activity, looking at acquisitions and pushing through rental growth across the UK However, the European assets remain more problematic given greater competition and a weaker economy The 42% loan-to-value ratio, continues to reduce as revaluations come through and provides a solid base The five year total shareholder return has been 67 9%
19	Wihlborgs Fastigheter (Sweden)	£13 86m (£12 40m) 1 2% (1 3%) 1 4% (1 4%) SEK 166 5 (SEK 125 75)	Wihlborg's is a commercial property company focused in the Oresund region of Sweden (Malmo, Lund and Helsingborg) and Copenhagen The portfolio is valued of SEK 22 8bn (excluding projects which are valued at SEK 1 5bn), consisting of 18% warehouses/logistics and 82% office/retail Wihlborg's has a strong management team and its geographic focus efficient portfolio and significant development capabilities have traditionally driven excess total returns There is a risk that these are tempered in the current year due to oversupply issues in its core markets While the LTV is high at 57% on a Europe-relative basis it is low in a purely Swedish context The five year shareholder total return has been 165 0%
20	Alstria Office (Germany)	£13 69m (£9 67m) 1 2% (1 0%) 1 7% (1 4%) €13 06 (€9 66)	Alstria is an office pure-play across Germany, with a substantial portion of its portfolio located in Hamburg (43%) and the Stuttgart region (21%) The good quality portfolio has an average lease length of 13 6 years and is currently valued of a 5 1% yield, with potential to compress further should current low interest rate environment continue to persist. More recently the company took advantage of the strong equity market, and raised €100mn of fresh equity to finance further acquisitions The company is solidly financed with 50% LTV 5 3 years till maturity and an average cost of debt of 3 4%, which is expected to decline to 2 1% in 2016 The five year total shareholder return has been 101 5%

†Percentage of Investment Exposure positions include exposure through CFDs

Investment Properties *as at 31 March 2015*

Value in excess of £10 million



Property	Sector	Tenure	Size (sq ft)	Principal tenants
The Colonnades Bishops Bridge Road London W2	**Mixed Use**	**Freehold**	**60,000 180 space car park 242 residential units**	**Waitrose Ltd**

The property comprises a large mixed-use block in Bayswater, constructed in the mid-1970s The site extends to approximately 2 acres on the north east corner of the junction of Bishops Bridge Road and Porchester Road, close to Bayswater tube station and the Whiteleys Shopping Centre

Planning consent was granted for the extension and refurbishment of the commercial element in March 2014 Construction started in September 2014 and completion is expected to be in November 2015

Property	Sector	Tenure	Size (sq ft)	Principal tenants
Ferrier Street Industrial Estate, Ferrier Street Wandsworth SW18 and adjacent plots	**Industrial**	**Freehold**	**35,800**	**Absolute Taste Kougar Tool Hire Ltd Mossimans Page Lacquer**

The Ferrier Street Industrial Estate occupies a site of just over an acre 50 metres from Wandsworth Town railway station in an area that is predominantly residential The estate comprises 16 small industrial units generally let to a mix of small to medium sized private companies

Value less than £10 million

Property	Sector	Tenure	Size (sq ft)	Principal tenants
Field House Station Approach Harlow	**Offices**	**Freehold**	**66,000**	**Teva UK Ltd**

Located next to Harlow Town railway station, the building was constructed in the late 1980s and comprises a 66 000 sq ft office building on a site of 3 5 acres The building is let to Teva on a variety of leases expiring in January 2023

Property	Sector	Tenure	Size (sq ft)	Principal tenants
Beacon House 26-28 Worple Road Wimbledon	**Offices**	**Freehold**	**12,400**	**British Red Cross Sourcecode**

Beacon House is located in the main office district of this affluent London suburb Least expires on the upper parts in 2016 and will facilitate a refurbishment of the building

Property	Sector	Tenure	Size (sq ft)	Principal tenants
Yodel Unit Woodlands Park Almondsbury Bristol	**Industrial**	**Freehold**	**53,115**	**Yodel Delivery Network Ltd**

Located on the junction of the M4 and M5 this 53,155 sq ft industrial building is let to Yodel, the parcel delivery company, on a lease expiring in 2019 at a low rent of £5 per sq ft The building sits on a 5 75 acre site giving a low site density and a large yard offering a variety of alternative uses for the site

Property	Sector	Tenure	Size (sq ft)	Principal tenants
Unit H1 Parkway Industrial Estate St Modwen Plymouth	**Industrial**	**Freehold**	**66,157**	**Invensys plc**

This 66 157sq ft industrial building is located on the main industrial estate in Plymouth beside the A38 It is let to Invensys until 2021 off a low rent of £4 50 per sq ft offering good potential for growth at the next rent review in 2016

Spread of Direct Portfolio by Capital Value (%)
as at 31 March 2015

	Office	Retail	Industrial	Residential and Ground Rents	Other	Total
West End of London	10 4%	24 5%		14 6%	6 1%	55 6%
Inner London*	5 1%	1 6%	14 0%			20 7%
Around M25	12 2%					12 2%
Other South East			11 5%			11 5%
Total	**27 7%**	**26 1%**	**25 5%**	**14 6%**	**6 1%**	**100%**

*Inner London defined as inside the North and South circular

Lease Lengths within the Direct Property Portfolio

as at 31 March 2015	Gross rental income
less than 1 year (including voids)	34 2%
1 to 3 years	19 5%
4 to 5 years	11 0%
6 to 10 years	33 8%
11 to 15 years	-
Over 15 years	1 5%
	100%

Overview of strategy, performance measurement and risk management

Management Arrangements and Business Model
The Alternative Investment Managers Directive ("AIFMD") became effective during the financial year The Board has appointed F&C Investment Business Limited as the Alternative Investment Fund Manager with portfolio management delegated to the former Investment Manager, Thames River Capital LLP,

Marcus Phayre-Mudge acts as Fund Manager to the Company on behalf of Thames River Capital LLP and Alban Lhonneur is Deputy Fund Manager George Gay is the Direct Property Manager and Joanne Elliott the Finance Manager They are supported by a team of equity and portfolio analysts

The Company has no employees Its wholly non-executive Board of six Directors retains responsibility for corporate strategy, corporate governance, risk and control assessment, the overall investment and dividend policies, setting limits on gearing and asset allocation and monitoring investment performance

Further information in relation to the Board and the arrangements under the Investment Management Agreement can be found in the Report of the Directors on pages 30 to 31

In accordance with the AIFMD, BNP Paribas has been appointed as Depository to the Company BNP Paribas also provide custodial and administration services to the Company Company secretarial services are provided by Capita Company Secretarial Services

The specific terms of the investment management agreement are set out in the Directors' Report on page 30

Investment Objective and Policy
The Company's Objective is to maximise shareholders' total return by investing in the shares and securities of property companies and property related businesses internationally and also in investment property located in the UK

Benchmark
The benchmark is the FTSE EPRA/NAREIT Developed Europe Capped Net Total Return Index in Sterling The index, calculated by FTSE, is free-float based and currently has 91 constituent companies The index limits exposure to any one company to 10% and reweights the other constituents pro-rata The benchmark website www epra com contains further details about the index and performance

Policy
The investment selection process seeks to identify well managed companies of all sizes The Manager generally regards future growth and capital appreciation potential more highly than immediate yield or discount to asset value

Although the investment objective allows for investment on an international basis, the benchmark is a Pan-European Index and the majority of the investments will be located in that geographical area Direct property investments are located in the UK only

As a dedicated investor in the property sector the Company cannot offer diversification outside that sector, however, within the portfolio there are limitations, as set out below, on the size of individual investments held to ensure diversification within the portfolio

Asset allocation guidelines
The maximum holding in the stock of any one issuer or of a single asset is limited to 15% of the portfolio at the point of acquisition In addition, any holdings in excess of 5% of the portfolio must not in aggregate exceed 40% of the portfolio

The Manager currently applies the following guidelines for asset allocation,

UK listed equities	25 – 50%
Continental European listed equities	45 – 75%
Direct Property – UK	5 – 20%
Other listed equities	0 – 5 %
Listed bonds	0 – 5 %
Unquoted investments	0 – 5 %

Overview of strategy, performance measurement and risk management *continued*

Gearing

The company may employ levels of gearing from time to time with the aim of enhancing returns, subject to an overall maximum of 25% of the portfolio value

In certain market conditions the Manager may consider it prudent not to employ gearing on the balance sheet at all, and to hold part of the portfolio in cash

The current asset allocation guideline is 10% net cash to 25% net gearing (as a percentage of portfolio value)

Property Valuation

Investment properties are valued every 6 months by an external independent valuer If a material event occurs in the intervening period, then an interim valuation will be instructed on the property in question Valuations of all the Group's properties as at 31 March 2015 have been carried out on a "Red Book" basis and these valuations have been adopted in the accounts

Allocation of costs between Revenue & Capital

On the basis of the Board's expected long term split of returns in the form of capital gains and income, the Group charges 75% of annual base management fees and finance costs to capital All performance fees are charged to capital

Performance and Key Performance Indicators

The Board appraises the performance of the Company and the Manager as a key supplier of services to the company against Key Performance Indicators (KPIs) The objectives comprise both specific financial and shareholder related measures These are listed below together with a brief description of how the Board monitors the KPIs and the outcome

Net Asset Value Total Return relative to the Benchmark Total Return

The Directors regard the Company's net asset value total return performance in comparison with the benchmark as being the overall measure of value delivered to shareholders' over the long term

The Board reviews the performance in detail at each meeting and discusses the results and outlook with the Manager

For the year to 31 March 2015 the Company delivered a total return of 28 3% compared with a benchmark return of 23 3%, an outperformance of 5 0% This continues a long term track record where over a ten year period the NAV total return of 187 9% has outperformed the benchmark total return of 110 3%

Delivering a reliable dividend which is growing over the long term

The principal objective of the company is a total return objective, however, the Portfolio Manager aims to deliver a reliable dividend with growth over the longer term

The Board reviews statements on income received to date and income forecasts at each meeting

The full year dividend declared for the year to 31 March 2015 is 7 70p, an increase of 3 4% over the prior year dividend The dividend has grown by 2 7 times in 10 years, equivalent to 10 5% per annum compounded The dividend has increased in each of 9 of the last 10 years, with just one year where the dividend was flat in 2010

The discount or premium at which the Company's shares trade compared with Net Asset Value

Whilst investment performance is expected to be a key driver of the share price discount or premium to the net asset value of an investment trust over the longer term, there are periods of volatility when the discount can widen The Board is aware of the vulnerability of a sector-specialist trust to a change of investor sentiment towards that sector

The Board takes powers at each AGM to buy-back and issue shares When considering the merits of share buy-backs or issuance, the Board looks at a number of factors in addition to the short and longer-term discount or premium to NAV to assess whether action would be beneficial to the shareholders overall Particular attention is paid to the potential impact of any share buy back activity on the liquidity of the shares and on ongoing charges in the longer term

During the year under review, no shares were repurchased

The discount to NAV (including income) started the year at 2 9% and ended at just under 2 4% and through the year traded between a discount of 4 1% and a premium of 2 7%

Level of Ongoing Charges

The Board is conscious of expenses and aims to deliver a balance between strong service and costs

The AIC definition of Ongoing Charges includes any direct property costs in addition to the management fees and all the other expenses incurred in running a publicly listed company As no other Investment Trusts hold part of their portfolio in direct property,

Overview of strategy, performance measurement and risk management *continued*

(they either hold their portfolios as 100% securities or 100% direct property), we show this statistic with and without the direct property costs to allow a clearer comparison of overall administrative costs with other funds investing in securities

Expenses are budgeted for each financial year and the Board reviews regular reports on actual and forecast expenses throughout the year

For the year to March 2015, the ongoing charges (without direct property costs) decreased from 0 75% to 0 70% One factor in this is the construction of the base management fee, a large part of which is a fixed sum, so in a rising market the increase in management fee is modest

Investment Trust Status

The Company must continue to operate in order to meet the requirements for Sections 1158 and 1159 of the Corporation Tax Act 2010

The Board reviews financial information and forecasts at each meeting which set out each of the tests outlined in Sections 1158 and 1159

The Directors believe that the conditions and ongoing requirements have been met in respect of the year to 31 March 2015 and that the Company will continue to meet the requirements

Principal Risks and Uncertainties

In delivering long-term returns to shareholders, the Board must also identify and monitor the risk that has been taken in order to achieve that return

The first group of risks relate primarily to the risks of investing in worldwide stock markets in general and then the geographical and sector focus of the portfolio and the construction of the portfolio in particular,

- The Company's assets comprise mainly listed equities so a principal risk is the performance of equity markets and exchange rates Both share prices and exchange rates may move rapidly and adversely impact the value of the Company's portfolio
- Although the portfolio is diversified across a number of geographical regions, the investment mandate is focused on a single sector and therefore the portfolio will be sensitive towards the property sector, as well as global equity market more generally
- Property companies are subject to many factors which can adversely affect their performance, these include the general economic and financial environment in which their tenants operate, interest rates, availability of investment and development finance and regulations issued by governments and authorities
- The Company's portfolio is actively managed In addition to investment securities the Company also invests in commercial property and accordingly, the portfolio may not follow the return of the benchmark.
- The shares of the Company are listed on the London Stock Exchange and the share price is determined by supply and demand The shares may trade at a discount or at a premium to the Company's underlying NAV and this discount or premium may fluctuate over time

The Board mitigates these risks through the regular monitoring of investment performance and analytical data provided by the Manager at board meetings The composition of the portfolio, analysis in comparison with the benchmark, details of sales and purchases, foreign currency exposures, tracking error data and the views of the Manager are discussed in detail

The second group of risks relate to the financial, accounting, operational, taxation, legal and regulatory requirements of the Company itself,

- The financial risks that the Company is exposed to include market price risk, credit risk, liquidity, exchange rate and interest rate risks Details of how those risks are managed are set out in note 11 to the accounts on page 62
- The accounting and operational risks that the Company is exposed to include disruption to or failure of the systems and processes provided by the third party service providers and the risk that these service providers provide a sub-standard service
- The taxation risks are that the Company may fail to obtain qualification as an investment trust and the Company may fail to recover withholding taxes levied on overseas investment income
- Legal and regulatory risks include failure to comply with the London Stock Exchange listing rules and Transparency and Disclosure rules, failing to meet the requirements under the Alternative Investment Funds Directive, meeting the provisions of the Companies Act 2006 and other UK, European and overseas legislation affecting UK companies and compliance with accounting standards
- Gearing, either through the use of bank debt or the use of derivatives, which may be utilised from time to time according to the Board and the Manager's assessment of risk and reward Whilst the use of gearing is intended to enhance the NAV total return, it will have the opposite effect when the return of the Company's investment portfolio is negative

Overview of strategy, performance measurement and risk management *continued*

Other risks are monitored by reports to the Board on the control environments and business continuation provisions by the Manager on both the Manager's own processes and those of third party service providers The Board also receives regular regulatory updates from the Manager, Company Secretary, legal advisers and the Auditors The Board considers these reports and recommendations and takes action accordingly

Corporate Responsibility

Exercise of voting power

The Board has approved a corporate governance voting policy which, in its opinion, accords with current best practice whilst maintaining a primary focus on financial returns

The exercise of voting rights attached to the Company's portfolio has been delegated to the Manager who take a global approach to engagement with issuers and their management in all of the jurisdictions in which it invests The Manager is required to include disclosure about the nature of their commitment to the Financial Reporting Committee's Stewardship Code and details may be found at www fandc com

Environmental policy & Socially Responsible Investment

The Company considers that good corporate governance extends to policies on the environment, employment, human rights and community relationships Corporates are playing an increasingly important role in global economic activity and the adoption of good corporate governance enhances a company's economic prospects by reducing the risk of government and regulatory intervention and any ensuing damage to its business or reputation

The Company has adopted an environmental policy in respect of its investments in both physical property and listed property companies Within the context of the overall aim of the Company to maximise shareholders' returns the directors will seek to limit the Company's and its investee companies' impact on the environment and will comply with all relevant legislation relating to its operations and activities

The environmental policies and behaviour of all the companies in which the Company invests are taken into account in decision-making Good environmental management can play a role in overall risk management and also have a financial impact in terms of savings through energy and water efficiency Where appropriate the Manager will engage with investee companies to raise concerns about environmental matters

So far as direct property investments are concerned, the Company conducts environmental audits prior to purchase to identify contamination or materials considered environmentally harmful The Company will take remedial action or enforce tenant obligations to do so wherever appropriate The Company's advisers assess the environmental impact of its properties on an ongoing basis and will take all necessary action to comply with environmental responsibilities

Diversity, Gender Reporting and Human Rights Policy

The Board recognises the requirement under Section 414 of the Companies Act 2006 to detail information about employee and human rights, including information about any policies it has in relation to these matters and effectiveness of these policies As the Trust has no employees, this requirement does not apply

The Board currently comprises 4 male and 2 female directors The Board's diversity policy is outlined in more detail in the Corporate Governance Report The Manager has an equal opportunity policy which is set out on its website www fandc com

By order of the Board

Caroline Burton

Chairman

9 June 2015

Directors

Caroline Burton

Caroline Burton, joined the Board of the Company on 6 June 2002 She joined Guardian Royal Exchange plc's Investment Department in 1973 and remained with the group until 1999 From 1987 she was Managing Director of Guardian Asset Management and, from 1990 to 1999, Executive Director – Investments She is a non-executive director of Blackrock Smaller Companies Trust plc, Liverpool Victoria Friendly Society Ltd and a member of the Appointments Committee of Hermes Property Unit Trust She advises a number of pension funds

Simon Marrison

Simon Marrison, joined the Board of the Company on 28 September 2011 Mr Marrison is CEO of Europe and Chief Investment Officer at LaSalle Investment Management and has responsibility for a portfolio of over $20billion across Europe Mr Marrison has been based in Paris since 1990 having started his career in London Until 1997 he was a partner at Healey & Baker (now Cushman & Wakefield) and from 1997 to 2001 he was at Rodamco where he became Country Manager for France He joined LaSalle in 2001 as Managing Director for Continental Europe

Hugh Seaborn

Hugh Seaborn, joined the Board of the Company on 24 July 2007 He is a Chartered Surveyor and has considerable experience in the property arena, he is currently the Chief Executive Officer of the Cadogan Estate He was a member of the Council and Audit Committee of the Duchy of Lancaster until December 2013 From 2000 to 2009, he was Chief Executive Officer of the Portman Estate and he is Chairman of the Estates Business Group and is a past Chairman of the Westminster Property Owners Association

Suzie Procter

Suzie Procter, joined the Board of the Company on 1 March 2013 She is presently Executive Head of Institutional Client Service and a partner of Cantillon Capital Management LLP She has been Director of Fixed Income Business at Pictet International Management, Head of Institutional Sales at Invesco and Managing Director, Head of Consultant Relations and Client Director at Lazard Asset Management She brings asset management experience and expertise in strategic business development and distribution

John Glen

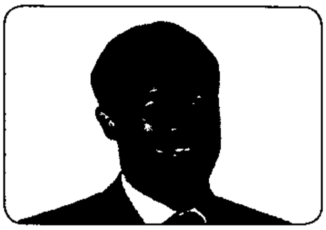
John Glen, joined the Board of the Company on 17 February 2014 and is presently the Chief Executive of Buccleuch Previously, John was based in Paris as CFO of Air Liquide and also served as the Vice Chairman of the European Financial Reporting Group (EFRAG) John is also a non-executive director for BIC, chairman of the Board at Alba Trees and a member of the Board for Project Scotland John is also a member of the 2020 Climate Change Group and Chairman of one of the subcommittees, which focuses on land use and forestry in Scotland

David Watson

David Watson, joined the Board of the Company on 1 April 2012 He is a Chartered Accountant and has had a distinguished career in the Financial Services Industry He spent 9 years as Finance Director of M&G Group plc, where he was a director of four equity investment trusts, and most recently at Aviva plc as Chief Finance Officer of Aviva General Insurance He is currently Deputy Chairman of Countrywide plc and a non-executive director of Charles Taylor plc, Kames Capital plc and Hermes Fund Managers Limited, where he is Chairman of the Audit Committee He became Chairman of the Company's Audit Committee on 1 January 2013

All directors are independent of the manager and are members of the Audit Committee

Managers



Marcus Phayre-Mudge

Marcus Phayre-Mudge, Fund Manager, joined the Management team for the Company at Henderson Global Investors in January 1997, initially managing the Company's direct property portfolio and latterly focusing on real estate equities, managing a number of UK and Pan European real estate equity funds in addition to activities in the Trust. Marcus moved to Thames River Capital in October 2004 where he is also fund manager of Thames River Property Growth & Income Fund Limited Prior to joining Henderson, Marcus was an investment surveyor at Knight Frank (1990) and was made an Associate Partner in the fund management division (1995) He qualified as a Chartered Surveyor in 1992 and has a BSc (Hons) in Land Management from Reading University

Jo Elliott

Jo Elliott, Finance Manager, has been Finance Manager since 1995, first at Henderson Global Investors then, since January 2005, at Thames River Capital, when she joined as CFO for the property team She joined Henderson Global Investors in 1995, where she most recently held the position of Director of Property, Finance & Operations, Europe Previously she was Corporate Finance Manager with London and Edinburgh Trust plc and prior to that was an investment/treasury analyst with Heron Corporation plc Jo has a BSc (Hons) in Zoology from the University of Nottingham and qualified as a Chartered Accountant with Ernst & Young in 1988

George Gay

George Gay, Direct Property Fund Manager, has been the Direct Property Fund Manager since 2008 He joined Thames River Capital in 2005 as assistant direct property manager and qualified as a Chartered Surveyor in 2006 George was previously at niche City investment agent, Morgan Pepper where as an investment graduate he gained considerable industry experience He has an MA in Property Valuation and Law from City University

Alban Lhonneur

Alban Lhonneur, Deputy Fund Manager, joined Thames River Capital in August 2008 He was previously at Citigroup Global Markets as an Equity Research analyst focusing on Continental European Real Estate Prior to that he was at Societe Generale Securities, where he focused on transport equity research He has a BSc in Business and Management from the ESC Toulouse including one year at the Brunel University, London He also attended CERAM Nice High Business School In 2005 he obtained a post-graduate Specialised Master in Finance in 2005 from ESCP-EAP

Report of the Directors

The directors present the audited financial statements of the Group and the Company and their Strategic and Directors' Reports for the year ended 31 March 2015 The Group comprises TR Property Investment Trust plc and its fully owned subsidiaries The review of the business of the Company, recent events and outlook are contained within the Strategic Report on pages 3 to 15

Status

The Company is an investment company, as defined in Section 833 of the Companies Act 2006, and operates as an investment trust in accordance with Section 1158 of the Corporation Tax Act 2010

The company has a single share class, Ordinary shares, with a nominal value of 25 pence each which are premium listed on the London Stock Exchange

The Company has applied for and received confirmation from HM Revenue & Customs that on the basis of the information provided, the Company has been accepted as an approved investment trust for accounting periods commencing on or after 1 April 2012 subject to the Company continuing to meet the eligibility conditions of Section 1158 Corporation Tax Act 2010 and the ongoing requirements for approved companies in Chapter 3 of Part 2 Investment Trust (Approved Company) (Tax) Regulations 2011 (Statutory Instrument 2011/2999)

The Directors are of the opinion that the Company has conducted and will continue to conduct its affairs so as to maintain investment trust status

The Company has also conducted its affairs, and will continue to conduct its affairs, in such a way as to comply with the Individual Savings Accounts Regulations The Ordinary shares can be held in Individual Savings Accounts (ISAs)

Financial Review

For the year to 31 March 2015 the net asset value total return was 28 3% against a benchmark total return of 23 3% The share price total return was 29 5%

At 31 March 2015 the net assets of the company amounted to £1,010,045 (2014 £809,438,000), on a per share basis 318 12p (2014 254 94p) per share

Revenue earnings for the year amounted to 8 89p (2014 8 09p) and the directors recommend the payment of a final dividend of 4 75p (2014 4 60p) per share bringing the total dividend for the year to 7 70p (2014 7 45p), an increase of 3 4% for the full year In arriving at their dividend proposal, the Board also reviewed the income forecasts for the year to March 2016

Full details and analysis of the earnings and capital performance for the year are set out in the Chairman's Statement and Manager's Report starting on page 3 of the Annual Report

Share capital and Buy-back Activity

At 1 April 2015 the Company had 317,500,980 (2014 317,500,980) Ordinary shares in issue

At the AGM in 2014 the directors were given power to buy back 47,593,396 Ordinary shares Since this AGM the directors have not bought back any Ordinary shares under this authority The outstanding authority is therefore 47,593,396 shares

This authority will expire at the 2015 AGM The Company will seek to renew the power to make market purchases of Ordinary shares at this year's AGM

Since 1 April 2015 to the date of this report, the Company has made no market purchases for cancellation

The Board has not set a specific discount at which shares will be repurchased However, around 171 million Ordinary shares have been repurchased since the Board first took the decision to buy back shares in 1999

Report of the Directors *continued*

Management Arrangements and Fees

For the period up to 11 July 2014 investment management services were provided by Thames River Capital LLP under the Investment Management Agreement

On 11 July 2014, the Board appointed F&C Investment Business Limited as the Alternative Investment Fund Manager (in accordance with the Alternative Investment Fund Managers Directive) with portfolio management delegated to the former Investment Manager, Thames River Capital LLP

The significant terms of the Investment Management Agreement with the Manager are as follows

- Notice Period

  The Investment Management Agreement ("IMA") provides for termination of the agreement by either party without compensation on the provision of not less than 12 months' written notice

- Management Fees

  The fee for the period under review was a fixed fee of £3,325,000 plus an ad valorum fee of 0 20% pa based on the net asset value (determined in accordance with the AIC method of valuation) on the last day of March, June, September and December, payable quarterly in advance

  The management fee included fund accounting and administrative services, safe custody and company secretarial services which are all provided by third parties The Company had a direct contractual relationship with the parties providing these services and the fees incurred were deducted from the gross fees due to the Manager

  The fee arrangements were reviewed by the Board at the MEC meeting in March 2015 For the year to 31 March 2016 and going forward the fees incurred for the third party services described above will be paid directly by the Company and the fund management fee will be stated net of these fees For the year to 31 March 2016 the fixed fee element will be £2,975,000 plus an ad valorum fee of 0 20p a The fee arrangements will be reviewed once again in March 2016

- Performance Fees

  In addition to the management fees, the Board has agreed to pay the Manager performance related fees in respect of an accounting period if certain performance objectives are achieved

  A performance fee is payable if the total return of adjusted net assets (after deduction of all Base Management Fees and other expenses), as defined in the IMA, at 31 March each year outperforms the total return of the Company's benchmark plus 1% (the "hurdle rate"), this outperformance (expressed as a percentage) is known as the "percentage outperformance" Any fee payable will be the amount equivalent to the adjusted net assets at 31 March each year multiplied by the percentage outperformance, then multiplied by 15%

  For the period under review the maximum performance fee payable for the period was capped at 2% of the adjusted net assets However, if the adjusted net assets at the end of any period are less than at the beginning of the period, the maximum performance fee payable will be limited to 1% of the adjusted net assets

  For the year to 31 March 2016, the performance fee cap of 2% of the adjusted net assets has been reduced to 1 5%

  If the total return of shareholders' funds for any performance period is less than the benchmark for the relevant performance period, such underperformance (expressed as a percentage) will be carried forward to future performance periods

  If any fee exceeds the cap, such excess performance (expressed as a percentage) will be carried forward and applied to offset any percentage underperformance in future performance periods

  In the event that the benchmark is exceeded but the hurdle is not, that outperformance of the benchmark can be used to offset past or future underperformance These amounts can be used for offset purposes only and therefore cannot have the effect of creating a fee in a year where a fee would not otherwise be payable or increasing the fee in that year At 31 March 2015 there is a carry forward of outperformance of 1 8% (2014 1 8%)

Report of the Directors *continued*

No fee will be payable unless the adjusted net assets outperform the hurdle rate, after taking into account any accumulated percentage underperformance brought forward at the beginning of the financial year

Performance fees earned in the year ended 31 March 2015 were £7,745,000 (2014 £9,669,000)

Total fees paid to the Manager in any one year (Management and Performance Fees) may not exceed 4 99% of Group Equity Shareholders' Funds Total fees payable for the year to 31 March 2015 amount to 1 3% (2014 1 8%) of Group Equity Shareholders Funds

Depository Arrangements and Fees
BNP Paribas was appointed as Depository on 14 July 2014 in accordance with the Alternative Investment Fund Managers Directive The role is a new one introduced by the Directive The Depository's responsibilities include cash monitoring, segregation and safe keeping of the Company's financial instruments, and monitoring the Company's compliance with investment and leverage requirements The Depository receives for its services a fee of 2 0 basis points per annum on the first GBP 150m of the Company's assets, 1 4 basis points per annum on assets above GBP 150m and below GBP 500m and 0 75 basis points on assets above GBP 500m

Custody, Administration and Company Secretarial Services
Custody and Administration Services are provided by BNP Paribas and Company Secretarial Services by Capita Company Secretarial Services For the year under review the fees for these services were included in the Investment Management Fee From 1 April 2015 these will be charged directly to the Company and separately disclosed in the accounts

Basis of accounting and IFRS
The Group and Company financial statements for the year ended 31 March 2015 have been prepared on a going concern basis in accordance with International Financial Reporting Standards (IFRS), which comprise standards and interpretations approved by the International Accounting Standards Board (IASB), together with interpretations of the International Accounting Standards and Standing Interpretations Committee approved by the International Accounting Standards Committee (IASC) that remain in effect, to the extent that they have been adopted by the European Union and as regards the Group and Company financial statements, as applied in accordance with the provisions of the Companies Act 2006

The accounting policies are set out in note 1 to the Financial Statements on pages 51 to 54

Going Concern
The Manager has prepared forecasts which have been reviewed by the Board which demonstrate that the Company will be able to continue to meet its liabilities as and when they fall due In addition to its cash and remaining uncalled debt facilities, the assets of the Company consist mainly of securities which are readily realisable and, accordingly, the Board considers that the Company has adequate resources to meet its business needs and it is therefore appropriate to adopt the going concern basis in preparing these financial statements

Annual General Meeting (the "AGM")
The Annual General Meeting will be held on 21 July 2015 at 12 00 noon The Notice of Annual General Meeting is set out on pages 73 to 76 This notice contains resolutions to receive the Report of the Directors and audited financial statements, approve the directors' remuneration report, re-appoint the auditors and empower the Directors to set their fees The Directors are also seeking powers to allot ordinary shares, dis-apply statutory pre-emption rights, and buy back ordinary shares for cancellation The full text of the resolutions and an explanation of each is contained in the Notice of Annual General Meeting and explanatory notes on pages 77 to 78

Material Interests
There were no contracts subsisting during or at the end of the year in which a director of the Company is or was materially interested and which is or was significant in relation to the Company's business No director has a contract of service with the Company Further details regarding the appointment letters can be found on page 36

Report of the Directors *continued*

Donations
The Company made no political or charitable donations during the year (2014 £nil)

Voting Interests
Rights and obligations attaching to shares
Subject to applicable statutes and other shareholders' rights, shares may be issued with such rights and restrictions as the Company may by ordinary resolution decide, or (if there is no such resolution or so far as it does not make specific provision) as the Board may decide Subject to the Articles, the Companies Act 2006 and other shareholders' rights, unissued shares are at the disposal of the Board

Voting
At a general meeting of the Company, when voting is by a show of hands, each share affords its owner one vote

Restrictions on voting
No member shall be entitled to vote if he has been served with a restriction notice (as defined in the Articles) after failure to provide the Company with information concerning interests in those shares required to be provided under the Companies Act 2006

Deadlines for voting rights
Votes are exercisable at the general meeting of the Company in respect of which the business being voted upon is being heard Votes may be exercised in person, by proxy, or in relation to corporate members, by corporate representatives

The Articles provide a deadline for submission of proxy forms of not less than 48 hours (or such shorter time as the Board may determine) before the meeting (not excluding non-working days)

Transfer of shares
Any shares in the Company may be held in uncertificated form and, subject to the Articles, title to uncertificated shares may be transferred by means of a relevant system Subject to the Articles, any member may transfer all or any of his certificated shares by an instrument of transfer in any usual form or in any other form which the Board may approve

The instrument of transfer must be executed by or on behalf of the transferor

The Board may decline to register a transfer of a certificated share unless the instrument of transfer (i) is duly stamped or certified or otherwise shown to the satisfaction of the Board to be exempt from stamp duty and is accompanied by the relevant share certificate and such other evidence of the right to transfer as the Board may reasonably require, (ii) is in respect of only one class of share, and (iii) if joint transferees, are in favour of not more than four such transferees

The Board may decline to register a transfer of any of the Company's certificated shares by a person with a 0 25% interest (as defined in the Articles) if such a person has been served with a restriction notice (as defined in the Articles) after failure to provide the Company with information concerning interests in those shares required to be provided under the Companies Act 2006, unless the transfer is shown to the Board to be pursuant to an arm's length sale (as defined in the Articles)

Significant Voting Rights
At 31 March 2015, no shareholders held over 3% of voting rights on a discretionary basis However, at 31 March 2015 the following shareholders held over 3% of the voting rights on a non-discretionary basis

Report of the Directors *continued*

Shareholder	% of Ordinary share voting rights*
Rathbone Investment Management Ltd	726%
Alliance Trust plc	694%
Brewin Dolphin Limited	681%
Old Mutual plc	659%
Investec Limited	626%
HSBC Holdings plc	561%

* See page 32 for further information on the voting rights of Ordinary shares

Since 31 March 2015 to the date of this report, the Company has been informed that the voting rights held by Investec Limited had reduced to 5 09% due to a change in their terms and conditions regarding voting rights to discretionary client holdings

Corporate Governance Report
The Board of directors is accountable to shareholders for the governance of the Company's affairs

This statement describes how the principles of the UK Corporate Governance Code ("the Code") issued by the Financial Reporting Council (the "FRC") in 2012 have been applied to the affairs of the Company The Code can be viewed at www frc org uk

Application of the AIC Code's Principles
In applying the principles of the Code, the directors have also taken account of the Code of Corporate Governance published by the AIC ('the AIC Code'), which established the framework of best practice specifically for the Boards of investment trust companies There is some overlap in the principles laid down by the two Codes and there are some areas where the AIC Code is more flexible for investment trust companies The AIC Code can be viewed at www theaic co uk

The directors believe that during the period under review they have complied with the Main Principles and relevant provisions of the Code, insofar as they apply to the Company's business, and with the provisions of the AIC Code

Compliance Statement
The directors acknowledge that the Company did not comply with the following provisions of the Code in the year ended 31 March 2015

A 2 1 Due to the nature and structure of the Company the Board of non-executive directors does not feel it is necessary to appoint a chief executive

B 2 1 The Board does not have a separate Nomination Committee During the year, this function was carried out by the Board as part of the agenda of regular Board meetings when required However, the Board has decided to introduce a Nomination Committee for the year ending 31 March 2016 to ensure there is additional focus on succession planning in the future

C 3 5 & C 3 6 As the Company has no employees and its operational functions are undertaken by third parties, the Audit Committee does not consider it necessary for the Company to establish its own internal audit function

D 2 1 The Board does not have a separate Remuneration Committee The functions of a Remuneration Committee are carried out by the Management Engagement Committee

Composition and Independence of the Board
The Board currently consists of six directors, all of whom are non-executive and are independent of the Manager None of the directors have any other links to the Manager The Board believes that diversity of experience and approach, including gender diversity, amongst board members is of great importance and it is the Company's policy to give careful consideration to issues of board balance and diversity when making new appointments

Report of the Directors *continued*

Powers of the directors

Subject to the Company's Articles of Association, the Companies Act and any directions given by special resolution, the business of the Company is managed by the Board who may exercise all the powers of the Company, whether relating to the management of the business of the Company or not. In particular, the Board may exercise all the powers of the Company to borrow money and to mortgage or charge any of its undertakings, property, assets and uncalled capital and to issue debentures and other securities and to give security for any debt, liability or obligation of the Company to any third party

There are no contracts or arrangements with third parties which effect, alter or terminate upon a change of control of the Company

Directors

The Chairman is Ms Burton and the Senior Independent Director is Mr Seaborn The directors' biographies, on page 27, demonstrate the breadth of investment, commercial and professional experience relevant to their positions as directors of the Company

Directors' retirement by rotation and re-election is subject to the Articles of Association In accordance with the Code, all directors will be subject to annual re-election

Ms Burton, Mr Glen, Mr Marrison, Mr Seaborn, Ms Procter and Mr Watson will retire at the forthcoming AGM in accordance with the Code and, being eligible, will offer themselves for re-election All directors are regarded as being free of any conflicts of interest and no issues in respect of independence arise The Board has concluded that all directors continue to make valuable contributions and believe that they remain independent in character and judgement

Board Committees

The Board has established an Audit Committee and a Management Engagement Committee, which also carries out the functions of a Remuneration Committee Further details are set out below As mentioned above, the Board does not currently have a Nomination Committee During the year this function was carried out by the Board as part of the agenda of regular Board meetings when required However, the Board has decided to introduce a separate Nomination Committee for the year ended 31 March 2016 to ensure additional time and focus is made to consider succession planning & management of the board evaluation process

Audit Committee

The Audit Committee ("the Committee") comprises all the members of the Board It has been the Company's policy, to include all directors on all committees This encourages unity, clear communication and prevents duplication of discussion between the Board and the Committee The Committee Chairman is Mr Watson The Board has satisfied itself that at least one Committee member has recent and relevant financial experience

The Committee has written terms of reference, which clearly define its responsibilities and duties These can be found on the Company's website, are available on request and will also be available for inspection at the AGM

The Committee meets at least twice a year to review the internal financial and non-financial controls and to review reports thereon from the key third party service providers, to consider and recommend to the Board for approval the contents of the draft Interim and Annual Reports to shareholders, and to review the accounting policies and significant financial reporting judgements, and, together with the Manager, reviews the Company's compliance with financial reporting and regulatory requirements

The Committee considers the information and statements included in the Annual and Interim Reports to ensure that, taken as a whole, the Reports are fair, balanced and understandable and the information presented enables the shareholders to assess the company's performance, business model and strategy

Representatives of the Manager's internal audit and compliance departments may attend these committee meetings at the Committee Chairman's request

Report of the Directors *continued*

Representatives of the Company's Auditor attend the Committee meetings at which the draft Interim and Annual Report and Accounts are reviewed, and are given the opportunity to speak to the Committee members without the presence of the representatives of the Manager

Significant Issues in Relation to the Financial Statements

The Committee has considered this report and financial statements and the Statement of Going Concern on page 31 The Committee considered the Auditor's assessment of risk of material misstatement and reviewed the internal controls in place in respect of the key areas identified and the process by which the Board monitors each of the procedures to give the Committee comfort on these risks on an ongoing basis These risks are also highlighted in the Company's Risk Map which is considered at each Audit Committee Meeting,

- Valuation of the Group's investments – The Group's investments are priced for the daily NAV by BNP Paribas The quoted assets are priced by the Administrator's Global Pricing Platform which uses independent external pricing sources The control process surrounding this is set out in the BNP Paribas AAF 01/06 Internal Controls Report and testing by the reporting accountant for the period reported to 31 December 2014 did not reveal any significant exceptions The quarterly control report to the Board from BNP Paribas covering the period up to 31 March 2015 had no issues to report The Company's Investment Property portfolio is valued every six months on an open market basis by a professional external independent valuer

  In addition the Manager estimates the NAV using an alternative pricing source on a daily basis as an independent check

- Calculation of Management and Performance Fees – These are calculated independently of the Manager by the Administrator The calculations are reviewed by the Auditor as part of the Audit Engagement and specifically reported on to the Board in the Independent Auditors' Report

- Existence and ownership of investments – The Custodian, BNP Paribas, is responsible for the custody of the Company's investments Lists of investments held are reconciled to the Company's records on a regular basis and a report on controls, which is audited by BNP Paribas' independent reporting accountants, is produced annually for consideration by the Manager and the Audit Committee In addition, the quarterly control report from BNP Paribas to the Board covers any custody issues The Depositary's responsibilities include the segregation and safekeeping of the Company's assets The Depositary reports quarterly to the AIFM and these reports are made available to the board The Depositary presents to the board at least once a year The Depositary conducts safekeeping reviews as part of its monitoring and oversight responsibilities

There has been nothing brought to the Committee's attention in respect of the financial statements for the period ended 31 March 2015, which was material or significant or that the Committee felt should be brought to shareholders' attention

Auditor assessment and independence

The Company's external auditor is Ernst & Young LLP In 2007, the Company conducted a full review of the services provided by the Auditor and invited the incumbent and three other firms to submit proposals for the audit of the Company A full tender process was undertaken with each of the four firms presenting their proposals in full to the Board The conclusion of this process was that Ernst & Young LLP should be reappointed

The Committee expects to repeat this process in 2016 in respect of the audit for the year ended 31 March 2017, in line with the latest Corporate Governance provisions and EU Requirements

Ernst & Young presented their Audit Plan for the year end at the interim Committee meeting and the Committee considered the audit process and fee proposal The Committee also reviewed Ernst & Young's independence policies and procedures including quality assurance procedures, it was considered that these policies remained fit for purpose and the Board is satisfied that Ernst & Young remain independent

Total fees payable to the Auditor for the year to 31 March 2015 were £87,000 (2014 £91,000)

Report of the Directors *continued*

The Committee has approved and implemented a policy on the engagement of the Auditor to supply non-audit services, taking into account the recommendations of the Accounting Practices Board with a view to ensuring that the external Auditor does not provide non-audit services that have the potential to impair or appear to impair the independence of their audit role The Committee does not believe there to be any impediment to the Auditor's objectivity and independence

The fees for non-audit services for the year to 31 March 2015 were nil (2014 £nil)

Full details of the Auditor's fees are provided in note 6 to the accounts on page 56

Following each audit, the Committee reviews the audit process and considers its effectiveness and the quality of the services provided to the Company The review following the completion of the 2015 Audit concluded that the Committee was satisfied with the Auditors effectiveness and performance and therefore a resolution to re-appoint Ernst & Young as the Company's Auditor will be put to shareholders at the forthcoming AGM

Management Engagement Committee
The Management Engagement Committee ("MEC") comprises all directors of the Company and is chaired by Ms Burton The MEC meets at least on an annual basis, towards the end of the financial year The MEC met in March 2015

The MEC reviews, on an annual basis, the performance of the AIFM and the Portfolio Manager and their continued suitability to manage the Company's portfolio It also reviews the terms of the Investment Management Agreement, to ensure they are competitive and fair and in the best interests of the shareholders, and to negotiate terms where appropriate

At the MEC meeting in March 2015, the MEC confirmed that the AIFM and Portfolio Manager should be retained for the financial year ending 31 March 2016 In addition to the Investment Management role, the Board has delegated to external third parties the depositary and custodial services (which include the safeguarding of assets), the day to day accounting, company secretarial services, administration and registration services Each of these contracts was entered into after full and proper consideration of the quality of the services offered, including the control systems in operation insofar as they relate to the affairs of the Company These contracts are reviewed annually by the MEC

In addition to the reviews by the MEC, the Board reviews and considers performance reports from the Portfolio Manager at each Board meeting The Board also receives regular reports from the Administrator and Company Secretary and the Portfolio Manager also reports to the Board on the performance of all other third party service providers at each meeting

Directors' Remuneration
Directors' remuneration is reviewed by the MEC on an annual basis The MEC determines and approves directors' fees following proper consideration, having regard to the level of fees payable to non-executive directors in the industry generally, the role that individual directors fulfil in respect of Board and Committee responsibilities and the time committed to the Company's affairs The Company's Articles of Association currently limit the total aggregate fees payable to the Board of £300,000 per annum The results of the most recent review are set out in the Directors' Remuneration Report on pages 40 and 41

Letters of Appointment
No director has a contract of employment with the Company Directors' terms and conditions for appointment are set out in letters of appointment which are available for inspection at the registered office of the Company and will be on display at the AGM

Board Evaluation
In order to review the effectiveness of the Board and its Committees and of the individual directors, the Board carried out an appraisal process This was implemented by way of a questionnaire and interviews with the Chairman The process is considered by the Board to be constructive in terms of identifying areas for improving the functioning and performance of the Board and the Committees, areas for additional focus going forward, the contribution of individual directors, as well as building on and developing individual and collective strengths

Report of the Directors *continued*

The Chairman's effectiveness was assessed by all other Board members and views fed back to the Senior Independent Director The Chairman and the Senior Independent Director confirm that the performance of each director continues to be effective and demonstrates their commitment to their role This includes extensive time for ad hoc communications throughout the year in addition to formal board and committee meetings The Board believes it has a good balance of skills, experience and length of service to ensure it operates effectively The performance of the Company is considered in detail at each Board meeting In accordance with the provisions of the Code, it is the intention of the Board to engage an external facilitator to assist with the performance evaluation every three years

Appointment of New Directors
The Board annually reviews its size and structure, and is responsible for succession planning Going forward this role will be carried out by the Nomination Committee, who will also manage the appointment process for new directors The Board appoints external recruitment consultants to ensure best practice

Directors' Training
When a new director is appointed, he/she is offered training to suit their needs Directors are also provided with key information on the Company's activities on a regular basis, including regulatory and statutory requirements and internal controls Changes affecting directors' responsibilities are advised to the Board as they arise Directors ensure that they are updated on regulatory, statutory and industry matters

Board Meetings
The number of meetings of the Board and Committees held during the year under review, and the attendance of individual directors, are shown below

	Board	Audit	MEC
No of meetings in the year	6	2	1
Caroline Burton	6	2	1
John Glen	6	2	1
Simon Marrison	6	2	1
Suzie Procter	6	2	1
Hugh Seaborn	6	2	1
David Watson	6	2	1

In addition to formal Board and Committee meetings, directors also attend a number of informal meetings to represent the interests of the Company

The Board
The Board is responsible for the effective stewardship of the Company's affairs Certain strategic issues are monitored by the Board at meetings against a framework which has been agreed with the Manager Additional meetings may be arranged as required The Board has a formal schedule of matters specifically reserved for its decision, which are categorised under various headings, including strategy, management, structure, capital, financial reporting, internal controls, gearing, asset allocation, share price discount, contracts, investment policy, finance, risk, investment restrictions, performance, corporate governance and Board membership and appointments

In order to enable them to discharge their responsibilities, all directors have full and timely access to relevant information At each meeting, the Board reviews the Company's investment performance and considers financial analyses and other reports of an operational nature The Board monitors compliance with the Company's objectives and is responsible for setting asset allocation and investment and gearing limits within which the Portfolio Manager has discretion to act and thus supervises the management of the investment portfolio, which is contractually delegated to the Portfolio Manager

Report of the Directors *continued*

The Board has responsibility for the approval of investments in unquoted investments and any investments in in-house funds managed or advised by the Portfolio Manager It has also adopted a procedure for directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company

Conflicts of Interest

In line with the Companies Act 2006, the Board has the power to authorise any potential conflicts of interest that may arise and impose such limits or conditions as it thinks fit A register of potential conflicts is maintained and is reviewed at every Board meeting to ensure all details are kept up-to-date Appropriate authorisation will be sought prior to the appointment of any new director or if any new conflicts arise

Internal Controls

The Board has overall responsibility for the Group's systems of internal controls and for reviewing their effectiveness The Portfolio Manager is responsible for the day to day investment management decisions on behalf of the Group Accounting and company secretarial services have both been outsourced

The internal controls aim to ensure that the assets of the Group are safeguarded, proper accounting records are maintained, and the financial information used within the business and for publication is reliable Control of the risks identified, covering financial, operational, compliance and risk management, is embedded in the controls of the Group by a series of regular investment performance and attribution statements, financial and risk analyses, AIFM and Portfolio Manager reports and quarterly control reports Key risks have been identified and controls put in place to mitigate them, including those not directly the responsibility of the AIFM or Portfolio Manager The key risks are explained in more detail in the Strategic Report on page 25

The effectiveness of each third party provider's internal controls is assessed on a continuing basis by the Compliance and Risk departments of the AIFM and Portfolio Manager, the Administrator and the Company Secretary Each maintains its own system of internal controls, and the Board and Audit Committee receive regular reports from them The control systems are designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage, rather than eliminate, risk of failure to achieve objectives

As the Company has no employees and its operational functions are undertaken by third parties, the Audit Committee does not consider it necessary for the Company to establish its own internal audit function Instead, the Audit Committee relies on internal control reports received from its principal service providers to satisfy itself as to the controls in place

The Board has established a process for identifying, evaluating and managing any major risks faced by the Group The Board undertakes an annual review of the Group's system of internal controls in line with the Turnbull guidance Business risks have also been analysed by the Board and recorded in a risk map that is reviewed regularly Each quarter the Board receives a formal report from each of the AIFM, Portfolio Manager, the Administrator and the Company Secretary detailing the steps taken to monitor the areas of risk, including those that are not directly their responsibility, and which report the details of any known internal control failures

The Board also considers the flow of information and the interaction between the third party service providers and the controls in place to ensure accuracy and completeness of the recording of assets and income The Board receives a report from the Portfolio Manager setting out the key controls and the results of the audit testing of these

The Board also has direct access to company secretarial advice and services provided by Capita Company Secretarial Services, which, through its nominated representative, is responsible for ensuring that the Board and Committee procedures are followed and that applicable regulations are complied with

These controls have been in place throughout the period under review and up to the date of signing the accounts

Key risks identified by the Auditors are considered by the Audit Committee to ensure robust internal controls and monitoring procedures are in place in respect of these risks on an ongoing basis

Report of the Directors *continued*

Relations with Shareholders
Shareholder relations are given high priority by the Board, the AIFM and the Portfolio Manager The prime medium by which the Company communicates with shareholders is through the Interim and Annual Reports which aim to provide shareholders with a clear understanding of the Company's activities and their results This information is supplemented by the daily calculation of the Net Asset Value of the Company's Ordinary shares which is published on the London Stock Exchange, and interim management statements

This information is also available on the Company's website, www trproperty com together with a monthly factsheet and Manager commentary

At each AGM a presentation is made by the Manager following the business of the meeting Shareholders have the opportunity to address questions to the Chairman and the Chairman of the Audit Committee at the AGM All shareholders are encouraged to attend the AGM

It is the intention of the Board that the Annual Report and Accounts and Notice of the AGM be issued to shareholders so as to provide at least twenty working days' notice of the AGM Shareholders wishing to lodge questions in advance of the AGM, or to contact the Board at any other time, are invited to do so by writing to the Company Secretary at the registered address given on page 79

General presentations are given to both shareholders and analysts following the publication of the annual results All meetings between the Manager and shareholders are reported to the Board

Directors' Indemnity
Directors' and Officers' liability insurance cover is in place in respect of the directors The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for directors in respect of costs which they may incur relating to the defence of any proceedings brought against them arising out of their positions as directors, in which they are acquitted or judgement is given in their favour by the court

To the extent permitted by law and by the Company's Articles of Association, the Company has entered into deeds of indemnity for the benefit of each director of the Company in respect of liabilities which may attach to them in their capacity as directors of the Company These provisions, which are qualifying third party indemnity provisions as defined by section 234 of the Companies Act 2006, were introduced in January 2007 and currently remain in force

Directors' statement as to disclosure of information to auditors
The directors who were members of the board at the time of approving the directors' report are listed on page 27 Having made enquiries of fellow directors and of the Company's auditors, each of these directors confirms that

- to the best of each director's knowledge and belief, there is no information (that is, information needed by the group's auditors in connection with preparing their report) of which the Company's auditors are unaware, and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information

This information is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006

By order of the Board
Caroline Burton
Chairman
9 June 2015

Directors' Remuneration Report

Introduction
The Board has prepared this report and the Directors Remuneration Policy, in accordance with the requirements of Schedule 8 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2013 An ordinary resolution for the approval of this report will be put to the members at the forthcoming Annual General Meeting

The law requires the Company's Auditors, Ernst & Young LLP, to audit certain of the disclosures provided Where disclosures have been audited, they are indicated as such The Auditor's opinion is included in the 'Independent Auditor's Report'

Annual Statement from the Chairman of the Committee
Directors' remuneration is reviewed annually by the Management Engagement Committee (MEC) comprising the Chairman and all directors of the Company The MEC met in March and considered the feedback received as part of the board evaluation alongside other factors Non-executive fees of listed companies continue to rise, and the regulatory burden continues ever upwards, particularly given the implementation of AIFMD However, at the MEC meeting in March 2015 it was agreed that there would be no change to directors' remuneration for 2015/16

Directors' Remuneration Policy
The Company's policy is that the fees payable to the directors should reflect the time spent by the Board on the Company's affairs and the responsibilities borne by the directors and should be sufficient to enable candidates of high calibre to be recruited The policy is for the Chairman of the Board, the Chairman of the Audit Committee and the Senior Independent Director to be paid higher fees than the other directors in recognition of their more onerous roles This policy was approved by the members at the 2014 AGM, and will continue for the year ending 31 March 2016 and subsequent years In accordance with the regulations, an ordinary resolution to approve the directors' remuneration policy will be put to Shareholders at least once every three years

The directors are remunerated in the form of fees, payable monthly in arrears, to the director personally or to a third party specified by that director There are no long term incentive schemes, share option schemes or pension arrangements and the fees are not specifically related to the directors' performance, either individually or collectively

The Board consists entirely of non-executive directors, who are appointed with the expectation that they will serve for a period of three years Directors' appointments are reviewed formally every three years thereafter by the Board as a whole None of the directors have a contract of service and a director may resign by notice in writing to the Board at any time, there are no notice periods The terms of their appointment are detailed in a letter to them when they join the Board As the Directors do not have service contracts, the Company does not have a policy on termination payments

There is no notice period and no payments for loss of office were made during the period

Shareholders' views in respect of Directors' remuneration are communicated at the Company's AGM and are taken into account in formulating the Directors remuneration policy At the last AGM, over 98 per cent of Shareholders voted for the resolution approving the Directors' Remuneration Report (1 7 per cent against) and over 97 per cent voted for the resolution approving the Directors' Remuneration Policy (2 per cent against), showing significant shareholder support

Annual Remuneration Report
The MEC comprises all the Directors of the Company The Chairman of the Committee is Caroline Burton As the Company has no executive Directors, the MEC meets, at least annually, to review the remuneration and terms of appointment of the Investment Manager, and the level of the Board's fees, in accordance with the UK Corporate Governance Code

For the year ended 31 March 2015, directors' fees were paid at the annual rates of Chairman £70,000 (2014 £70,000), Audit Committee Chairman and Senior Independent Director £35,000 (2014 £35,000) and all other directors £30,000 (2014 £30,000) The actual amounts paid to the directors during the financial year under review are as shown overleaf

Directors' Remuneration Report *continued*

Amount of each director's emoluments (audited)

The fees payable in respect of each of the directors who served during the financial year were as follows

	31 March 2015 £	31 March 2014 £
C M Burton	**70,000**	59,063
J Glen	**30,000**	3,486
S Marrison	**30,000**	30,000
S Procter	**30,000**	30,000
P L Salsbury (retired on 23 July 2013)	**n/a**	21,875
H Seaborn	**35,000**	33,438
D Watson	**35,000**	35,000
Total	**230,000**	212,862

No other remuneration or compensation were paid or payable by the Company during the year to any of the current or former directors

Company Performance

The graph below compares, for the seven years ended 31 March 2015, the percentage change over each period in the share price total return to shareholders compared to the share price total return of benchmark, which the Board considers to be the most appropriate benchmark for investment performance measurement purposes An explanation of the performance of the Company is given in the Chairman's Statement and Manager's Report.

Directors' Interests in Shares (audited)

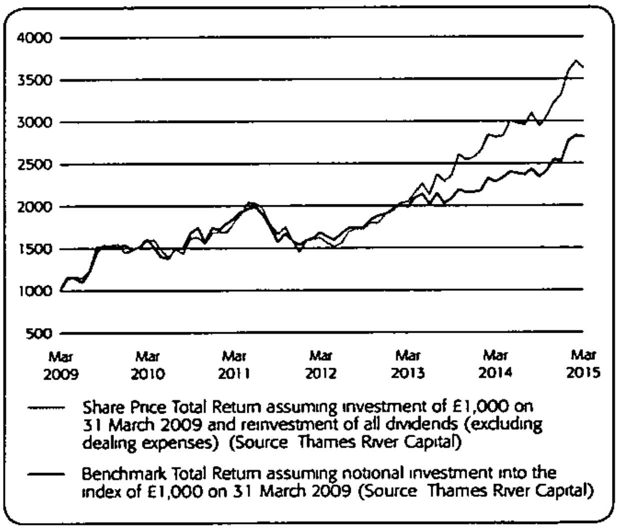
The interests of the Directors in the shares of the Company, at the beginning and at the end of the year, or date of appointment, if later, were as follows

	31 March 2015 Ordinary shares of 25p	31 March 2014 Ordinary shares of 25p
C M Burton	**21,982**	21,982
J Glen	**–**	–
S Marrison	**25,000**	25,000
S E Procter	**3,364**	–
H Seaborn	**34,668**	34,668
D Watson	**9,237**	8,983

Relative Importance of Spend on Pay

	2015 £'000	2014 £'000	Percentage increase %
Dividends paid	**23,971**	22,860	4.9
Directors Fees	**230**	230	–

Performance Graph – Share Price Total Return for Ordinary Share Class



For and on behalf of the Board

Caroline Burton

Chairman of the Management Engagement Committee

9 June 2015

Statement of directors' responsibilities in relation to the Group financial statements

The directors are responsible for preparing the Report and Accounts in accordance with applicable United Kingdom law and International Financial Reporting Standards as adopted by the European Union

Under Company Law the directors must not approve the Group and Company financial statements unless they are satisfied that they present fairly the financial position, financial performance and cash flows of the Group and Company for that period

In preparing the Group and Company financial statements the directors are required to

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and Company's financial position and financial performance,
- state that the Group and Company has complied with IFRS, subject to any material departures disclosed and explained in the financial statements, and
- make judgements and estimates that are reasonable and prudent

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the Group and Company financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Responsibility statement
Each of the directors listed on page 27 confirm that to the best of their knowledge

- the financial statements, prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group and Company and the undertakings included in the consolidation taken as a whole, and,
- the Annual Report, includes a fair review of the development and performance of the business and the position of the Trust, together with a description of the principal risks and uncertainties that it faces, and
- the accounting records have been properly maintained, and
- the Annual Report, taken as a whole, is fair, balanced and understandable and provides the necessary information for shareholders to assess the company's performance, business model and strategy

By order of the Board

Caroline Burton
Chairman
9 June 2015

Independent Auditors' Report

to the Members of TR Property Investment Trust plc

Opinion on financial statements

In our opinion

- The financial statements give a true and fair view of the state of the Group's and Company's affairs as at 31 March 2015 and of the Group's return for the year then ended,
- The Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union,
- The Company's financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union and as applied in accordance with the requirements of the Companies Act 2006,
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS regulation

Opinion on other matters prescribed by the Companies Act 2006

In our opinion

- The part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006, and
- The information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

What we have audited

We have audited the financial statements of TR Property Investment Trust plc for the year ended 31 March 2015 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statement of Changes in Equity, the Consolidated and Company Balance Sheets, the Consolidated and Company Statement of Cash Flows and the related notes 1 to 23 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 42 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the Group's or Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Control over the recording and reporting of financial information and preparation of the financial statements for the Group and the subsidiaries is carried out by the Company's administrator, BNP and overseen by Thames River and the Audit Committee in London The Group audit team has audited all items material to the Group and Parent Company financial statements

Our assessment of risks of material misstatement

We identified the following risks of material misstatement that had the greatest effect on the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team The Audit Committee have set out their assessment of the significant issues in relation to the financial statements on page 35 The table also includes our responses to the risks

Independent Auditors' Report *continued*

Risk Identified

The investment portfolio at the year-end comprised of quoted equities (£973,470,000), investment properties (£75,434,000), contracts for difference (£10,604,000), fixed interest (£6,998,000) and an unquoted equity investment (£86,000) Note 10 to the financial statements sets out the Group's investments held at fair value

The valuation of the assets held in the investment portfolio is a key driver of the Company's investment return

Incorrect asset pricing of the assets held by the Group could have a significant impact on portfolio valuation and, therefore, the return generated for shareholders

Our Response

- We walked through the controls in place at the accounting administrator, BNP Paribas Securities Services over listed security pricing and holdings
- We reviewed the Service Organisation Controls Report (prepared in accordance with AAF 01/06) of BNP Paribas Securities Services for the year ended 31 December 2014, the reporting accountant for which was Mazars, and did not identify exceptions in controls related to the valuation of securities
- We agreed the year-end prices of each of the quoted equities, contracts for difference and fixed interest securities to an independent source
- We performed a walkthrough of the property valuation process, including the controls in place over the provision of valuation data to the valuer and review of the valuations by Thames River Capital
- We evaluated the independence and qualifications of Deloitte LLP in accordance with International Standard on Auditing 620 "Using the Work of an Expert"
- We engaged EY property valuation experts to review the inputs, assumptions and valuation methods used by Deloitte LLP for a sample of investment properties We concluded that the assumptions and methods used in establishing the valuations were appropriate
- We reviewed the methods and assumptions used by Thames River Capital to assess the valuation of the unquoted equity investment The valuation of the unquoted investment is below our performance materiality threshold and as a result our testing was restricted to assessing the likelihood that the valuation was materially understated

Risk Identified	Our Response
Failure to maintain proper legal title of the assets held by the Group could have a significant impact on portfolio valuation and, therefore, the return generated for shareholders	• We reviewed the Service Organisation Controls Report (prepared in accordance with AAF 01/06) of BNP Paribas Securities Services for the year ended 31 December 2014, the reporting accountant for which was Mazars, and did not identify exceptions in controls related to the execution and recording of securities transactions • We agreed the number of shares held for each security to confirmations of legal title received from the Company's custodian and depositary BNP Paribas Security Services • We agreed the contracts for difference held at the year-end to an independent confirmation from the broker, ING Bank NV • We independently confirmed with the Company's solicitors that the Company holds title deeds to all investment properties and that they are free from any liens or charges
Management and performance fees represent the Company's largest expenses and the performance fee is calculated using a methodology as set out in the Ordinary Management Agreement between the Company and the Manager The calculation methodology for management and performance fees is given in the Report of the Directors on pages 30 and 31 Note 5 to the financial statements sets out the management and performance fees for the year ended 31 March 2015 Incorrect calculation of these fees could have a material impact on the return generated for shareholders	• We walked through the systems and controls of the accounting administrator, BNP Paribas Securities Services, in respect of the calculation of management and performance fees • We re-performed the management and performance fee calculations and confirmed they were performed in line with the methodology set out in the Ordinary Management Agreement • We validated the external inputs used in the calculation to third party data • We tested the allocation of management and performance fees between the income and capital return columns of the Income Statement and confirmed it had been performed in line with the accounting policy set out on page 51

Independent Auditors' Report *continued*

Our application of materiality
We determined planning materiality for the Group to be £10 1m (2014 £8 1m) which is 1% of total equity This provided a basis for determining the nature, timing and extent of our risk assessment procedures, identifying and assessing the risks of material misstatement and determining the nature, timing and extent of further audit procedures We have derived our materiality calculation based on a proportion of total equity as we consider it to be the most important financial metric on which shareholders would judge the performance of the Group and Company

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgment was that overall performance materiality (i e, our tolerance for misstatement in an individual account or balance) for the Group should be 75% of planning materiality, namely £7 6m (2014 £6 1m) Our objective in adopting this approach was to ensure that total undetected and uncorrected audit differences in all accounts did not exceed our planning materiality level

Given the importance of the distinction between revenue and capital for the Group we have also applied a separate performance materiality of £1 6m (2014 £1 5m) for the revenue column of the Income Statement, being 5% of the return on ordinary activities before taxation

We agreed with the Audit Committee that we would report all audit differences in excess of £505,000 (2014 £405,000) as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds

We evaluate any uncorrected misstatements against both the qualitative measures of materiality discussed above and in the light of other relevant qualitative considerations

Matters on which we are required to report by exception
We have nothing to report in respect of the following

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the Annual Report is

- Materially inconsistent with the information in the audited financial statements, or
- Apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit, or
- Otherwise misleading

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the Annual Report is fair, balanced and understandable and whether the Annual Report appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed

Under the Companies Act 2006 we are required to report to you if, in our opinion

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- The financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns, or
- Certain disclosures of Directors' remuneration specified by law are not made, or
- We have not received all the information and explanations we require for our audit

Under the Listing Rules we are required to review

- The Directors' statement, set out on page 31 in relation to going concern, and
- The part of the Corporate Governance Statement relating to the Company's compliance with the ten provisions of the UK Corporate Governance Code specified for our review

Ashley Coups
(Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP,
Statutory Auditor
London
9 June 2015

Group Statement of Comprehensive Income

for the year ended 31 March 2015

	Notes	Year ended 31 March 2015 Revenue Return £'000	Capital Return £'000	Total £'000	Year ended 31 March 2014 Revenue Return £'000	Capital Return £'000	Total £'000
Investment Income							
Investment income	2	**29,315**	**–**	**29,315**	27,791	–	27,791
Other operating income	4	**348**	**–**	**348**	7	–	7
Gross rental income	3	**3,065**	**–**	**3,065**	3,384	–	3,384
Service charge income	3	**1,413**	**–**	**1,413**	1,448	–	1,448
Gains on investments held at fair value	10	**–**	**189,246**	**189,246**	–	129,120	129,120
Net movement on foreign exchange, investments	10	**–**	**(2,633)**	**(2,633)**	–	746	746
Net movement on foreign exchange, cash and cash equivalents		**–**	**(1,585)**	**(1,585)**	–	(393)	(393)
Net returns on contracts for difference	10	**2,548**	**24,046**	**26,594**	1,303	6,150	7,453
Total Income		**36,689**	**209,074**	**245,763**	33,933	135,623	169,556
Expenses							
Management and performance fees	5	**(1,245)**	**(11,479)**	**(12,724)**	(1,181)	(13,207)	(14,388)
Direct property expenses, rent payable and service charge costs	3	**(1,920)**	**–**	**(1,920)**	(1,850)	–	(1,850)
Other administrative expenses	6	**(1,117)**	**(41)**	**(1,158)**	(890)	–	(890)
Total operating expenses		**(4,282)**	**(11,520)**	**(15,802)**	(3,921)	(13,207)	(17,128)
Operating profit		**32,407**	**197,554**	**229,961**	30,012	122,416	152,428
Finance costs	7	**(1,013)**	**(3,039)**	**(4,052)**	(792)	(2,376)	(3,168)
Profit from operations before tax		**31,394**	**194,515**	**225,909**	29,220	120,040	149,260
Taxation	8	**(3,180)**	**1,849**	**(1,331)**	(3,540)	3,095	(445)
Total comprehensive income		**28,214**	**196,364**	**224,578**	25,680	123,135	148,815
Earnings per Ordinary share	9	**8.89p**	**61.85p**	**70.74p**	8 09p	38 78p	46 87p

The Total column of this statement represents the Group's Statement of Comprehensive Income, prepared in accordance with IFRS The Revenue Return and Capital Return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies All items in the above statement derive from continuing operations

All income is attributable to the shareholders of the parent company There are no minority interests

The notes on pages 51 to 71 form part of these accounts

Group and Company Statement of Changes in Equity

For the year ended 31 March 2015	Notes	Share Capital Ordinary £'000	Share Premium Account £'000	Capital Redemption Reserve £'000	Retained Earnings Ordinary £'000	Total £'000
At 31 March 2014		**79,375**	**43,162**	**43,934**	**642,967**	**809,438**
Net profit for the period		–	–	–	**224,578**	**224,578**
Dividends paid	17	–	–	–	**(23,971)**	**(23,971)**
At 31 March 2015		**79,375**	**43,162**	**43,934**	**843,574**	**1,010,045**

For the year ended 31 March 2014	Notes	Share Capital Ordinary £'000	Share Premium Account £'000	Capital Redemption Reserve £'000	Retained Earnings Ordinary £'000	Total £'000
At 31 March 2013		79,469	43,162	43,840	517,748	684,219
Net profit for the period		–	–	–	148,815	148,815
Shares repurchased		(94)	–	94	(736)	(736)
Dividends paid	17	–	–	–	(22,860)	(22,860)
At 31 March 2014		79,375	43,162	43,934	642,967	809,438

The notes on pages 51 to 71 form part of these accounts

Group and Company Balance Sheets

as at 31 March 2015

	Notes	**Group 2015 £'000**	**Company 2015 £'000**	Group 2014 £'000	Company 2014 £'000
Non-current assets					
Investments held at fair value	10	**1,055,988**	**1,055,988**	880,483	880,483
Investments in subsidiaries	10	**–**	**53,517**	–	53,305
		1,055,988	**1,109,505**	880,483	933,788
Deferred taxation asset	12	**237**	**237**	200	235
		1,056,225	**1,109,742**	880,683	934,023
Current assets					
Debtors	12	**20,882**	**20,484**	11,405	11,385
Cash and cash equivalents		**21,427**	**21,411**	9,740	9,599
		42,309	**41,895**	21,145	20,984
Current liabilities	13	**(88,489)**	**(141,592)**	(77,390)	(145,569)
Net current liabilities		**(46,180)**	**(99,697)**	(56,245)	(124,585)
Total assets less current liabilities		**1,010,045**	**1,010,045**	824,438	809,438
Non-current liabilities	13	**–**	**–**	(15,000)	–
Net assets		**1,010,045**	**1,010,045**	809,438	809,438
Capital and reserves					
Called up share capital	14	**79,375**	**79,375**	79,375	79,375
Share premium account	15	**43,162**	**43,162**	43,162	43,162
Capital redemption reserve	15	**43,934**	**43,934**	43,934	43,934
Retained earnings	16	**843,574**	**843,574**	642,967	642,967
Equity shareholders' funds		**1,010,045**	**1,010,045**	809,438	809,438
Net Asset Value per:					
Ordinary share	19	**318.12p**	**318.12p**	254 94p	254 94p

These accounts were approved by the directors of TR Property Investment Trust plc (Company No 84492) and authorised for issue on 9 June 2015

C Burton
Director

The notes on pages 51 to 71 form part of these accounts

Group and Company Cash Flow Statements

as at 31 March 2015

	Group 2015 £'000	Company 2015 £'000	Group 2014 £'000	Company 2014 £'000
Reconciliation of operating revenue to net cash inflow from operating activities				
Profit from operations before tax	**225,909**	**225,944**	149,260	150,400
Financing activities	**4,052**	**3,860**	3,168	3,124
Gains on investments and derivatives held at fair value through profit or loss	**(213,292)**	**(213,029)**	(135,270)	(136,940)
Net movement on foreign exchange, cash and cash equivalents	**1,585**	**1,585**	393	393
Increase in accrued income	**(1,197)**	**(814)**	(284)	(323)
Net sales/(purchases) of investments	**31,737**	**31,262**	(6,163)	(30,381)
(Increase)/decrease in sales settlement debtor	**(1,622)**	**(1,622)**	386	386
Increase/ (decrease) in purchase settlement creditor	**5,448**	**5,448**	(6,749)	(6,749)
Increase in other debtors	**(242)**	**(247)**	(1,194)	(1,190)
(Decrease)/increase in other creditors	**(566)**	**(1,227)**	6,663	30,993
Scrip dividends included in investment income	**(1,203)**	**(1,203)**	(2,641)	(2,641)
Net cash inflow from operating activities before interest and taxation	**50,609**	**49,957**	7,569	7,072
Interest paid	**(4,052)**	**(3,860)**	(3,168)	(3,124)
Taxation paid	**(1,314)**	**(729)**	(3,338)	(2,384)
Net cash inflow from operating activities	**45,243**	**45,368**	1,063	1,564
Financing activities				
Equity dividends paid	**(23,971)**	**(23,971)**	(22,860)	(22,860)
Repurchase of shares	**–**	**–**	(736)	(736)
(Repayment)/drawdown of loans	**(8,000)**	**(8,000)**	19,000	19,000
Net cash used in financing activities	**(31,971)**	**(31,971)**	(4,596)	(4,596)
Increase/(decrease) in cash	**13,272**	**13,397**	(3,533)	(3,032)
Cash and cash equivalents at start of year	**9,740**	**9,599**	13,666	13,024
Net movement on foreign exchange, cash and cash equivalents	**(1,585)**	**(1,585)**	(393)	(393)
Cash and cash equivalents at end of year	**21,427**	**21,411**	9,740	9,599
Note				
Dividends received	**29,919**	**29,919**	25,833	25,833
Interest received	**407**	**407**	132	132

The notes on pages 51 to 71 form part of these accounts

Notes to the Financial Statements

as at 31 March 2015

1 Accounting policies

The financial statements for the year ended 31 March 2015 have been prepared on a going concern basis in accordance with International Financial Reporting Standards (IFRS), which comprise standards and interpretations approved by the International Accounting Standards Board (IASB), together with interpretations of the International Accounting Standards and Standing Interpretations Committee approved by the International Accounting Standards Committee (IASC) that remain in effect, to the extent that they have been adopted by the European Union and as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006

The Group and Company financial statements are expressed in Sterling, which is their functional and presentational currency Sterling is the functional currency because it is the currency of the primary economic environment in which the Group operates Values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated

a) Basis of consolidation

The Group accounts consolidate the financial statements and its subsidiaries to 31 March 2015

In accordance with IFRS10 the Company has been designated as an investment entity on the basis that

- It obtains funds from investors and provides those investors with investment management services,
- It commits to its investors that its business purpose is to invest solely for returns from capital appreciation and investment income, and
- It measures and evaluates performance of substantially all of its investments on a fair value basis

Each of the subsidiaries of the company was established for the sole purpose of operating or supporting the investment operations of the company (including raising additional financing), and is not itself an investment entity IFRS 10 sets out that in the case of controlled entities that support the investment activity of the investment entity, those entities should be consolidated rather than presented as investments at fair value Accordingly the Company has consolidated the results and financial positions of those subsidiaries

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases The financial statements of subsidiaries used in the preparation of the consolidated financial statements are based on consistent accounting policies All intra-group balances and transactions, including unrealised profits arising therefrom, are eliminated This is consistent with the presentation in previous years

All the subsidiaries of the Company have been consolidated in these financial statements

b) Income

Dividend receivable on equity shares are treated as revenue for the year on an ex-dividend basis Where no ex-dividend date is available, dividends receivable on or before the year end are treated as revenue for the year Provision is made for any dividends not expected to be received Where the Group has elected to receive these dividends in the form of additional shares rather than cash the amount of cash dividend foregone is recognised as income Differences between the value of shares received and the cash dividend foregone are recognised in the capital returns of the Group Statement of Comprehensive Income The fixed returns on debt securities are recognised on a time apportionment basis so as to reflect the effective yield on each such security Interest receivable from cash and short term deposits is accrued to the end of the year Stock lending income is recognised on an accruals basis

c) Expenses

All expenses and finance costs are accounted for on an accruals basis An analysis of retained earnings broken down into revenue and capital items is given in note 16 In arriving at this breakdown, expenses have been presented as revenue items except as follows

- Expenses which are incidental to the acquisition or disposal of an investment,
- Expenses are presented as capital where a connection with the maintenance or enhancement of the value of the investments can be demonstrated,
- One quarter of the base management fee is charged to revenue, with three quarters allocated to capital return to reflect the Board's expectations of long term investment returns All performance fees are charged to capital return,

Notes to the Financial Statements *continued*

1 **Accounting policies** *continued*

- For the year under review, the base management fee includes a number of third party services including fund administration, custody and company secretarial services From 1 April 2015, these services will be charged directly to the company and disclosed separately From 1 April 2015 these expenses, together with the Depositary Fee will be charged on the same basis as the base management fee, one quarter to income and three quarters to capital

d) Finance costs

The finance cost in respect of capital instruments other than equity shares is calculated so as to give a constant rate of return on the outstanding balance One quarter of the finance cost is charged to revenue and three quarters to capital return

e) Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date

Income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity Otherwise income tax is recognised in the Group Statement of Comprehensive Income

The tax effect of different items of expenditure is allocated between capital and revenue using the Group's effective rate of tax for the year The charge for taxation is based on the profit for the year and takes into account taxation deferred because of temporary differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Balance Sheet and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised

The Company is an investment trust under s 1158 of the Corporation Tax Act 2010 and, as such, is not liable for tax on capital gains Capital gains arising in subsidiary companies are subject to capital gains tax

f) Investment property

Investment property is measured initially at cost including transaction costs Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met The purchase and sale of properties is recognised to be effected on the date unconditional contracts are exchanged

Subsequent to initial recognition, investment property is stated at fair value Gains or losses arising from changes in the fair values are included in the Group Statement of Comprehensive Income in the year in which they arise

Investment property is derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal Any gains or losses on the retirement or disposal of investment property are recognised in the Group Statement of Comprehensive Income in the year of retirement or disposal

Gains or losses on the disposal of investment property are determined as the difference between net disposal proceeds and the carrying value of the asset in the previous full period financial statements

Revaluation of Investment Properties

The Group carries its investment properties at fair value in accordance with IFRS 13, revalued twice a year, with changes in fair values being recognised in the Group Statement of Comprehensive Income The Group engaged Deloitte as independent valuation specialists to determine fair value as at 31 March 2015

Valuations of Investment Properties

Determination of the fair value of investment properties has been prepared on the basis defined by the RICS Valuation Standards 6th Edition (The Red Book) as follows

"The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion"

The valuation takes into account future cash flow from assets (such as lettings, tenants' profiles, future revenue streams, capital values of fixtures and fittings, plant and machinery, any environmental matters and the overall repair and condition of the property) and discount rates applicable to those assets These assumptions are based on local market conditions existing at the balance sheet date

Notes to the Financial Statements *continued*

1 Accounting policies *continued*

In arriving at their estimates of fair values as at 31 March 2015, the valuers have used their market knowledge and professional judgement and have not only relied solely on historical transactional comparables

Rental income

Rental income receivable under operating leases is recognised on a straight-line basis over the term of the lease, except for contingent rental income which is recognised when it arises

Incentives for lessees to enter into lease agreements are spread evenly over the lease term, even if the payments are not made on such a basis The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the directors are reasonably certain that the tenant will exercise that option Premiums received to terminate or extend leases are recognised in the capital account of the Group Statement of Comprehensive Income when they arise

Service charges and expenses recoverable from tenants

Income arising from expenses recharged to tenants is recognised in the period in which the expense can be contractually recovered Service charges and other such receipts are included gross of the related costs in revenue as the directors consider that the Group acts as principal in this respect

g) Investments

When a purchase or sale is made under contract, the terms of which require delivery within the timeframe of the relevant market, the investments concerned are recognised or derecognised on the trade date

All the Group's investments are defined under IFRS as investments designated as fair value through profit or loss but are also described in these financial statements as investments held at fair value

All investments are designated upon initial recognition as held at fair value, and are measured at subsequent reporting dates at fair value, which, for quoted investments, is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted Unquoted investments or investments for which there is only an inactive market are held at fair value which is based on valuations made by the directors in accordance with IPEVCA guidelines and using current market prices, trading conditions and the general economic climate

In its financial statements the Company recognises its investments in subsidiaries at fair value, which is deemed to be cost adjusted for movements in net asset value since establishment

Changes in the fair value are recognised in the Group Statement of Comprehensive Income On disposal, realised gains and losses are also recognised in the Group Statement of Comprehensive Income

Derivatives

Derivatives are held at fair value based either on traded prices or directors' fair valuation to the extent that traded prices are unavailable Gains and losses on derivative transactions are recognised in the Group Statement of Comprehensive Income They are recognised as capital and are shown in the capital column of the Group Statement of Comprehensive Income if they are of a capital nature and are recognised as revenue and shown in the revenue column of the Group Statement of Comprehensive Income if they are of a revenue nature To the extent that any gains or losses are of a mixed revenue and capital nature, they are apportioned between revenue and capital accordingly

Contracts for Difference ("CFDs") are synthetic equities and are valued by reference to the investments' underlying market values

The sources of the returns under the derivative contract (e g notional dividends, financing costs, interest returns and capital changes) are allocated to the revenue and capital accounts in alignment with the nature of the underlying source of income and in accordance with the guidance given in the AIC SORP Notional dividend income or expenses arising on long or short positions are apportioned wholly to the revenue account Notional interest expense on long positions is apportioned between revenue and capital in accordance with the Board's long term expected returns of the Company (currently determined to be 25% to the revenue account and 75% to capital reserves) Changes in value relating to underlying price movements of securities in relation to CFD exposures are allocated wholly to capital reserves

Notes to the Financial Statements *continued*

1 **Accounting policies** *continued*

h) Non-current liabilities

All loans and debentures are initially recognised at cost, being the fair value of the consideration received, less issue costs where applicable After initial recognition, all interest bearing loans and borrowings are subsequently measured at amortised cost.

Amortised cost is calculated by taking into account any discount or premium on settlement. The costs of arranging any interest bearing loans are capitalised and amortised over the life of the loan on an effective interest rate basis

i) Foreign currency translation

Transactions involving foreign currencies are converted at the rate ruling at the date of the transaction

Foreign currency monetary assets and liabilities are translated into Sterling at the rate ruling on the balance sheet date Foreign exchange differences are recognised in the Group Statement of Comprehensive Income

j) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits

k) Adoption of new and revised Standards

Standards and Interpretations effective in the current period

The accounting policies adopted are consistent with those of the previous consolidated financial statements except as follows The Group has adopted the following new and amended IAS, IFRS and IFRIC Interpretations as of 1 April 2014

- IFRS 10 Consolidated Financial Statements
- IFRS 12 Disclosure of Interests in Other Entities

Early adoption of standards and interpretations

The standards issued before the reporting date that become effective after 31 March 2015 will not have a material effect on equity or profit for the subsequent period The Group has not early adopted any new International Financial Reporting Standard or Interpretation

Standards, amendments and interpretations issued but not yet effective up to the date of issuance of the Group financial statements are listed below

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments Recognition and Measurement and all previous versions of IFRS 9 The standard introduces new requirements for classification and measurement, impairment, and hedge accounting IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted Retrospective application is required but comparative information is not compulsory Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015 The adoption of IFRS 9 is unlikely to have a material effect on the classification and measurement of the Fund's financial assets or financial liabilities

Notes to the Financial Statements *continued*

2 Investment income

	2015 £'000	2014 £'000
Dividends from UK listed investments	**1,550**	2,001
Dividends from overseas listed investments	**20,646**	16,995
Scrip dividends from listed investments	**1,203**	2,641
Interest from listed investments	**369**	236
Property income distributions	**5,547**	5,918
	29,315	27,791

3 Net rental income

	2015 £'000	2014 £'000
Gross rental income	**3,065**	3,384
Service charge income	**1,413**	1,448
Direct property expenses, rent payable and service charge costs	**(1,920)**	(1,850)
	2,558	2,982

Operating leases

The Group has entered into commercial leases on its property portfolio Commercial property leases typically have lease terms between 5 and 15 years and include clauses to enable periodic upward revision of the rental charge according to prevailing market conditions Some leases contain options to break before the end of the lease term

Future minimum rentals under non-cancellable operating leases as at 31 March are as follows

	2015 £'000	2014 £'000
Within 1 year	**2,200**	2,800
After 1 year but not more than 5 years	**5,900**	4,800
More than 5 years	**3,500**	2,100
	11,600	9,700

4 Other operating income

	2015 £'000	2014 £'000
Interest receivable	**33**	7
Stock lending income	**315**	–
	348	7

Stock lending is the temporary transfer of securities by a lender to a borrower, with an agreement by the borrower to return equivalent securities to the lender at an agreed date Fee income is received for making the investments available to the borrower The principal risks and rewards, namely the market movements in share prices and associated dividend income are retained by the lender During the period in which the securities are on loan the lender is restricted from trading in the securities on loan In all cases the securities lent continue to be recognised on the balance sheet

All securities lent under these arrangements were fully secured against collateral At 31 March 2015, there were no securities on loan

The maximum aggregate value of securities on loan during the year was £69,663,000 (2014 nil)

Notes to the Financial Statements *continued*

5 Management and performance fees

	2015 Revenue Return £'000	2015 Capital Return £'000	2015 Total £'000	2014 Revenue Return £'000	2014 Capital Return £'000	2014 Total £'000
Management fee	**1,245**	**3,734**	**4,979**	1,181	3,538	4,719
Performance fee	**–**	**7,745**	**7,745**	–	9,669	9,669
	1,245	**11,479**	**12,724**	1,181	13,207	14,388

A summary of the terms of the management agreement is given in the Report of the Directors on pages 30 to 31

6 Other administrative expenses

	2015 £'000	2014 £'000
Directors' fees (Directors' Remuneration Report on pages 40 to 41)	**230**	213
Auditors' remuneration		
– for audit of the consolidated and parent company financial statements	**72**	70
– for audit of the financial statements of subsidiaries pursuant to legislation	**10**	16
– for other assurance services (interim accounts and Trustee letters)	**5**	5
Legal fees	**54**	12
Taxation fees	**69**	65
Other expenses	**476**	445
Irrecoverable VAT	**201**	64
Expenses charged to Revenue	**1,117**	890
Expenses charged to Capital	**41**	–
	1,158	890

The capital expenses relate to VAT on costs incurred in connection with the extension of the residential leases on The Colonnades where the lease premiums are recognised in the capital account

7 Finance costs

	2015 £'000	2014 £'000
Bank loans and overdrafts repayable within 1 year	**2,279**	1,395
Debentures repayable between 1 and 5 years	**1,773**	1,773
	4,052	3,168
Amount allocated to capital return	**(3,039)**	(2,376)
	1,013	792

Notes to the Financial Statements *continued*

8 Taxation

a) Analysis of charge in the year

	2015 Revenue Return £'000	2015 Capital Return £'000	2015 Total £'000	2014 Revenue Return £'000	2014 Capital Return £'000	2014 Total £000
UK corporation tax at 21% (2014 23%)	**1,707**	**(1,707)**	**–**	1,760	(212)	1,548
Overseas taxation	**1,472**	**15**	**1,487**	1,789	32	1,821
	3,179	**(1,692)**	**1,487**	3,549	(180)	3,369
Under/(over) provision in respect of prior years	**3**	**(122)**	**(119)**	8	(8)	–
Current tax charge for the year	**3,182**	**(1,814)**	**1,368**	3,557	(188)	3,369
Deferred taxation	**(2)**	**(35)**	**(37)**	(17)	(2,907)	(2,924)
	3,180	**(1,849)**	**1,331**	3,540	(3,095)	445

b) Factors affecting current tax charge for the year

The tax assessed for the period is lower than the standard rate of corporation tax in the UK for a large company of 21% (2014 23%) The difference is explained below

	2015 Revenue Return £'000	2015 Capital Return £'000	2015 Total £'000	2014 Revenue Return £'000	2014 Capital Return £'000	2014 Total £'000
Net profit on ordinary activities before taxation	**31,394**	**194,515**	**225,909**	29,220	120,040	149,260
Corporation tax charge at 21% (2014 23%)	**6,593**	**40,848**	**47,441**	6,721	27,609	34,330
Effects of						
Non taxable gains on investments	**–**	**(39,742)**	**(39,742)**	–	(29,698)	(29,698)
Currency movements not taxable	**–**	**886**	**886**	–	(81)	(81)
Tax relief on expenses charged to capital	**–**	**1,351**	**1,351**	–	1,821	1,821
Non-taxable income	**–**	**(5,050)**	**(5,050)**		(1,415)	(1,415)
Non-taxable UK dividends	**(578)**	**–**	**(578)**	(605)	–	(605)
Non-taxable overseas dividends	**(4,336)**	**–**	**(4,336)**	(4,371)	–	(4,371)
Overseas withholding taxes	**1,472**	**15**	**1,487**	1,789	32	1,821
Under/(over) provision in respect of prior years	**3**	**(122)**	**(119)**	8	(8)	–
Losses utilised not charged for	**(39)**	**–**	**(39)**	–	–	–
Disallowable expenses	**22**	**–**	**22**	15	–	15
Deferred tax not provided	**45**	**–**	**45**	–	–	–
Rate change on deferred tax	**(2)**	**–**	**(2)**	(17)	–	(17)
Capital gain on Colonnades	**–**	**(35)**	**(35)**	–	(1,355)	(1,355)
	3,180	**(1,849)**	**1,331**	3,540	(3,095)	445

The Group has not recognised deferred tax assets of £1,966,000 (2014 £396,000) arising as a result of losses carried forward It is considered too uncertain that the Group will generate profits in the relevant companies that the losses would be available to offset against and, on this basis, the deferred tax asset in respect of these expenses has not been recognised

Due to the Company's status as an Investment Trust, and the intention to continue meeting the conditions required to obtain approval for the forseeable future, the Company has not provided deferred tax on any capital gains arising on the revaluation or disposal of investments In respect of properties held in subsidiaries, provision for capital gains tax has been made for revaluation surpluses not sheltered by brought forward capital losses or non-trade debits

Notes to the Financial Statements *continued*

8 Taxation *continued*

c) Provision for deferred taxation

The amounts for deferred taxation provided at 20% (2014 21%) comprise

Group	2015 Revenue Return £'000	2015 Capital Return £'000	2015 Total £'000	2014 Revenue Return £'000	2014 Capital Return £'000	2014 Total £'000
Capital gains	–	–	–	–	35	35
Accelerated capital allowances	113	–	113	115	–	115
Unutilised losses carried forward	–	(350)	(350)	–	(350)	(350)
Shown as						
Deferred tax liability/(asset)	113	(350)	(237)	115	(315)	(200)

Company	2015 Revenue Return £'000	2015 Capital Return £'000	2015 Total £'000	2014 Revenue Return £'000	2014 Capital Return £ 000	2014 Total £ 000
Accelerated capital allowances	113	–	113	115	–	115
Unutilised losses carried forward	–	(350)	(350)	–	(350)	(350)
Shown as						
Deferred tax liability/(asset)	113	(350)	(237)	115	(350)	(235)

The movement in provision in the year is as follows

Group	2015 Revenue Return £'000	2015 Capital Return £'000	2015 Total £'000	2014 Revenue Return £'000	2014 Capital Return £'000	2014 Total £'000
Provision at the start of the year	115	(315)	(200)	131	2,592	2,723
Accelerated capital allowances	(2)	–	(2)	(16)	–	(16)
Capital gains	–	(35)	(35)	–	(2,907)	(2,907)
Provision at the end of the year	113	(350)	(237)	115	(315)	(200)

Company	2015 Revenue Return £'000	2015 Capital Return £ 000	2015 Total £ 000	2014 Revenue Return £'000	2014 Capital Return £'000	2014 Total £ 000
Provision at the start of the year	115	(350)	(235)	131	(350)	(219)
Accelerated capital allowances	(2)	–	(2)	(16)	–	(16)
Provision at the end of the year	113	(350)	(237)	115	(350)	(235)

Notes to the Financial Statements *continued*

9 Earnings per share

Earnings per Ordinary share

The earnings per Ordinary share can be analysed between revenue and capital, as below

	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
Net revenue profit	**28,214**	25,680
Net capital profit	**196,364**	123,135
Net total profit	**224,578**	148,815
Weighted average number of shares in issue during the year	**317,500,980**	317,536,391

	pence	pence
Revenue earnings per share	**8 89**	8 09
Capital earnings per share	**61 85**	38 78
Earnings per Ordinary share	**70 74**	46 87

10 Investments held at fair value

a) Analysis of investments

	Group 2015 £'000	Company 2015 £'000	Group 2014 £'000	Company 2014 £'000
Listed in the United Kingdom	**440,679**	**440,679**	370,807	370,807
Listed Overseas	**539,875**	**539,875**	438,561	438,561
Investment Properties	**75,434**	**75,434**	71,115	71,115
Investments held at fair value	**1,055,988**	**1,055,988**	880,483	880,483
Investments in subsidiaries at fair value	**–**	**53,517**	–	53,305
	1,055,988	**1,109,505**	880,483	933,788

b) Gains on investments held at fair value

	31 March 2015 £'000	31 March 2014 £'000
Gains on sale of investments	**76,072**	32,576
Movement in investment holding gains	**113,174**	96,544
Gains on investments held at fair value	**189,246**	129,120
Net movement on foreign exchange, investments	**(2,633)**	746
	186,613	129,473

Notes to the Financial Statements *continued*

10 Investments held at fair value *continued*

c) Business segment reporting

	Valuation 31 March 2014 £'000	Net additions/ (disposals) £'000	Net appreciation/ (depreciation) £'000	**Valuation 31 March 2015 £'000**	**Gross revenue 31 March 2015 £'000**
Listed investments	809,368	(8,901)	180,087	**980,554**	**29,315**
Direct property[2]	71,115	(4,840)	9,159	**75,434**	**3,065**
	880,483	(13,741)	189,246	**1,055,988**	**32,380**
Contracts for difference[4]	3,351	(16,793)	24,046	**10,604**	**2,548**
	883,834	(30,534)	213,292	**1,066,592**	**34,928**

d) Geographical segment reporting

	Valuation 31 March 2014 £'000	Net additions/ (disposals) £'000	Net appreciation/ (depreciation) £'000	**Valuation 31 March 2015 £'000**	**Gross revenue 31 March 2015 £'000**
UK listed equities and convertibles[1]	365,242	(13,645)	82,952	**434,549**	**7,097**
UK direct property[2]	71,115	(4,840)	9,159	**75,434**	**3,065**
UK fixed interest[3]	5,565	–	565	**6,130**	**293**
Continental European listed equities	435,929	6,479	96,599	**539,007**	**21,849**
European fixed interest	2,632	(1,735)	(29)	**868**	**76**
	880,483	(13,741)	189,246	**1,055,988**	**32,380**
UK contracts for difference[4]	3,175	(10,831)	12,823	**5,167**	**1,164**
European contracts for difference[4]	176	(5,962)	11,223	**5,437**	**1,384**
	883,834	(30,534)	213,292	**1,066,592**	**34,928**

Included in the above figures are purchase costs of £331,000 (2014 £252,000) and sales costs of £185,000 (2014 £158,000) These comprise mainly stamp duty and commission

[1] Included within UK listed equities and convertibles is a holding in NewRiver which is listed on the Alternative Investment Market (AIM) with a fair value of £7 246,000 (2014 £4,077 000)

[2] Net additions/(disposals) includes £3,776 000 of capital expenditure Net appreciation/(depreciation) includes amounts in respect of rent free periods

[3] Included within UK fixed interest is a holding in NewRiver 5 85% 31/12/15 Convertible Unsecured Loan Stock which is listed on the Guernsey stock exchange with a value of £6,130,000 (2014 £5 565,000)

[4] Gross revenue for contracts for difference relates to dividends receivable, on an ex dividend basis, on the underlying positions held

e) Substantial share interests

The Group held interests in 3% or more of any class of capital in 6 companies we invest in None of these investments is considered significant in the context of these financial statements See note 21 on page 71 for further details of subsidiary investments

Notes to the Financial Statements *continued*

10 Investments held at fair value *continued*

f) Fair value of financial assets and financial liabilities

Financial assets and financial liabilities are carried in the Balance Sheet either at their fair value (investments) or the balance sheet amount is a reasonable approximation of fair value (due from brokers, dividends and interest receivable, due to brokers, accruals and cash at bank)

Fair value hierarchy disclosures

The table below sets out fair value measurements using IFRS 13 fair value hierarchy

Financial assets at fair value through profit or loss

At 31 March 2015	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	**973,470**	**–**	**86**	**973,556**
Investment Properties	**–**	**–**	**75,434**	**75,434**
Fixed interest investments	**868**	**6,130**	**–**	**6,998**
Contracts for difference	**–**	**10,604**	**–**	**10,604**
	974,338	**16,734**	**75,520**	**1,066,592**

At 31 March 2014	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	800,967	–	204	801,171
Investment Properties	–	–	71,115	71,115
Fixed interest investments	2,632	5,565	–	8,197
Contracts for difference	–	3,351	–	3,351
	803,599	8,916	71,319	883,834

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset as follows

Level 1 – valued using quoted prices in an active market for identical assets

Level 2 – valued by reference to valuation techniques using observable inputs other than quoted prices within Level 1

Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data

The valuation techniques used by the Group are explained in the accounting policies in notes 1 (f) and 1 (g)

Reconciliation of movements in financial assets categorised as level 3

At 31 March 2015	31 March 2014 £'000	Purchases £'000	Sales £'000	Appreciation / (Depreciation) £'000	31 March 2015 £'000
Unlisted equity investments	204	–	–	(118)	**86**
Investment Properties					
– Mixed use	34,500	3,081	(926)	5,595	**42,250**
– Industrial	11,550	8,302	–	735	**20,587**
– Offices	25,065	4,173	(19,470)	2,829	**12,597**
	71,115	15,556	(20,396)	9,159	**75,434**
	71,319	15,556	(20,396)	9,041	**75,520**

Transfers between hierarchy levels

There were no transfers during the year between level 1 and level 2 nor between levels 1 or 2 and level 3

Key assumptions used in value in use calculations are explained in the accounting policies in note 1 (f)

Notes to the Financial Statements *continued*

10 Investments held at fair value *continued*

f) Fair value of financial assets and financial liabilities *continued*

Sensitivity information

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy of investment properties are

- Estimated rental value £4-£50 per sq ft
- Capitalisation rates 4%-9%

Significant increases (decreases) in estimated rental value in isolation would result in a significantly higher (lower) fair value measurement A significant increase (decrease) in Capitalisation Rates in isolation would result in a significantly lower (higher) fair value measurement

11 Financial Instruments

Risk management policies and procedures

The Group invests in equities and other instruments for the long term in the pursuit of the Investment Objective set out on page 23 The Group is exposed to a variety of risks that could result in either a reduction or an increase in the profits available for distribution by way of dividends

The principal risks the Group faces in its portfolio management activities are

- Market risk (comprising price risk, currency risk and interest rate risk)
- Liquidity risk
- Credit risk

The Manager's policies and processes for managing these risks are summarised on pages 25 to 26 and have been applied throughout the year

11 1 Market Price Risk

By the very nature of its activities, the Group's investments are exposed to market price fluctuations

Management of the risk

The Manager runs a diversified portfolio and reports to the Board on the portfolio activity and performance at each board meeting The Board monitors the investment activity and strategy to ensure it is compatible with the stated objectives

The Group's exposure to changes in market prices on its quoted equity investments and investment property portfolio, was as follows

	2015 £'000	2014 £'000
Investments held at fair value	**1,055,988**	880,483

Concentration of exposure to price risks

As set out in the Investment Policies on page 23, there are guidelines to the amount of exposure to a single company, geographical region or direct property These guidelines ensure an appropriate spread of exposure to individual or sector price risks As an investment company dedicated to investment in the property sector, the Group is exposed to price movements across the property asset class as a whole

Notes to the Financial Statements *continued*

11 **Financial Instruments** *continued*

Price risk sensitivity

The following table illustrates the sensitivity of the profit after taxation for the year and the value of shareholders' funds to an increase or decrease of 15% in the fair values of the Group's equity, CFD and direct property investments The level of change is consistent with the illustration shown in the previous year The sensitivity is based on the Group's equity, CFD and direct property exposure at each balance sheet date, with all other variables held constant

	2015 Increase in fair value £'000	**2015 Decrease in fair value £'000**	2014 Increase in fair value £'000	2014 Decrease in fair value £000
Statement of Comprehensive Income – profit after tax				
Revenue return	**(72)**	**72**	(58)	58
Capital return	**159,799**	**(159,799)**	132,422	(132,422)
Change to the profit after tax for the year/shareholders' funds	**159,727**	**(159,727)**	132,364	(132,364)
Change to total earnings per Ordinary share	**50.29p**	**(50 29)p**	41 68p	(41 68)p

11 2 Currency Risk

A proportion of the Group's portfolio is invested in overseas securities and their Sterling value can be significantly affected by movements in foreign exchange rates

Management of the risk

The Board receives a report at each board meeting on the proportion of the investment portfolio held in Sterling, Euros or other currencies The Group may sometimes hedge foreign currency movements outside the Eurozone by funding investments in overseas securities with unsecured loans denominated in the same currency or through forward currency contracts

Cash deposits are held in Sterling and/or Euro denominated accounts

Foreign currency exposure

At the reporting date the Group had the following exposure

(Sterling has been shown for reference)

Currency	**2015**	2014
Sterling	**41 4%**	44 3%
Euro	**46 7%**	41 2%
Swedish Krona	**6 2%**	7 1%
Other	**5 7%**	7 4%

The following table sets out the Group's total exposure to foreign currency risk and the net exposure to foreign currencies of the net monetary assets and liabilities

2015	**Sterling £'000**	**Euro £'000**	**Swedish Krona £'000**	**Other £'000**
Receivables (due from brokers, dividends and other income receivable)	**16,796**	**1,846**	**807**	**–**
Cash at bank and on deposit	**15,653**	**5,706**	**–**	**68**
Bank loans, debentures and overdrafts	**(68,000)**	**–**	**–**	**–**
Payables (due to brokers, accruals and other creditors)	**(20,489)**	**–**	**–**	**–**
FX forwards	**(55,013)**	**59,626**	**(9,650)**	**6,470**
CFD positions (Gross exposure)	**46,791**	**36,002**	**–**	**–**
Total foreign currency exposure on net monetary items	**(64,262)**	**103,180**	**(8,843)**	**6,538**
Investments held at fair value	**516,113**	**406,767**	**77,028**	**56,080**
Non-current assets	**237**	**–**	**–**	**–**
Total currency exposure	**452,088**	**509,947**	**68,185**	**62,618**

Notes to the Financial Statements *continued*

11 Financial Instruments *continued*

11 2 Currency Risk *continued*

2014	Sterling £'000	Euro £'000	Krona £'000	Swedish Other £'000
Receivables (due from brokers, dividends and other income receivable)	9,422	1,338	349	97
Cash at bank and on deposit	6,018	2,712	703	307
Bank loans and overdrafts	(61,000)	–	–	–
Payables (due to brokers, accruals and other creditors)	(16,390)	–	–	–
FX forwards	(16,854)	11,492	(10,841)	16,402
CFD positions (Gross exposure)	30,532	16,219	–	–
Deferred taxation asset	200	–	–	–
Total foreign currency exposure on net monetary items	(48,072)	31,761	(9,789)	16,806
Investments held at fair value	441,922	321,031	70,983	46,547
Non-current liabilities	(15,000)	–	–	–
Total currency exposure	378,850	352,792	61,194	63,353

Foreign currency sensitivity

The following table illustrates the sensitivity of the profit after tax for the year on the Group's equity in regard to the exchange rates for Sterling/Euro and Sterling/Swedish Krona and other currencies

It assumes the following changes in exchange rates
Sterling/Euro +/- 15% (2014 15%)
Sterling/Swedish Krona +/- 15% (2014 15%)
Sterling/Other +/- 15% (2014 15%)

If Sterling had strengthened against the currencies shown, this would have the following effect

	Year ended March 2015			Year ended March 2014		
	Euro £'000	**Swedish Krona £'000**	**Other £'000**	Euro £'000	Swedish Krona £'000	Other £'000
Statement of Comprehensive Income – profit after tax						
Revenue return	**(1,986)**	**(250)**	**(173)**	(1,718)	(318)	(183)
Capital return	**(53,682)**	**(10,032)**	**(7,304)**	(42,457)	(9,244)	(5,437)
Change to the profit after tax for the year/shareholders' funds	**(55,668)**	**(10,282)**	**(7,477)**	(44,175)	(9,562)	(5,620)

	2015	2014
Change to total earnings per Ordinary share	**(23 13)p**	(18 69)p

If Sterling had weakened against the currencies shown, this would have had the following effect

	Year ended March 2015			Year ended March 2014		
	Euro £'000	**Swedish Krona £'000**	**Other £'000**	Euro £'000	Swedish Krona £000	Other £000
Statement of Comprehensive Income – profit after tax						
Revenue return	**2,523**	**311**	**219**	2,205	404	232
Capital return	**72,661**	**13,581**	**9,887**	57,461	12,515	7,357
Change to the profit after tax for the year/shareholders' funds	**75,184**	**13,892**	**10,106**	59,666	12,919	7,589

	2015	2014
Change to total earnings per Ordinary share	**31 24p**	25 25p

Notes to the Financial Statements *continued*

11 Financial Instruments *continued*

11 3 Interest Rate Risk

Interest rate movements may affect

- the fair value of any investments in fixed interest securities
- the fair value of the debenture loan
- the level of income receivable from cash at bank and on deposit
- the level of interest expense on any variable rate bank loans
- the prices of the underlying securities held in the portfolios

Management of the risk

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment decisions Property companies usually have borrowings themselves and the level of gearing and structure of its debt portfolio is a key factor when assessing the investment in a property company

The Group has fixed and variable rate borrowings The interest rate on the debenture loan is fixed, details are set out in note 13 In addition to the debenture the Group has unsecured, multi-currency revolving loan facilities which carry variable rates of interest based on the currencies drawn, plus a margin These facilities total £80,000,000 (2014 £80,000,000)

The Manager considers both the level of debt on the balance sheet of the Group (i e the debenture and any bank loans drawn) and the "see-through" gearing, taking into account the assets and liabilities of the underlying investments, when considering the investment portfolio These gearing levels are reported regularly to the Board

The majority of the Group's investment portfolio is non-interest bearing As a result the Group's financial assets are not directly subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates

Interest rate exposure

The exposure at 31 March of financial assets and financial liabilities to interest rate risk is shown by reference to

- floating interest rates when the interest rate is due to be re-set
- fixed interest rates when the financial instrument is due to be repaid

The Group's exposure to floating interest rates on assets is £21,427,000 (2014 £9,740,000)

The Group's exposure to fixed interest rates on assets is £6,998,000 (2014 £8,197,000)

The Group's exposure to fixed interest rates on liabilities is £15,000,000 (2014 £15,000,000)

The Group's exposure to floating interest rates on liabilities is £53,000,000 (2014 £61,000,000)

Interest receivable and finance costs are at the following rates

- Interest received on cash balances, or paid on bank overdrafts, is at a margin over LIBOR or its foreign currency equivalent (2014 same)
- Interest paid on borrowings under the multi-currency loan facilities, is at a margin over LIBOR or its foreign currency equivalent for the type of loan
- The finance charge on the debenture stock was at an interest rate of 11 86% (2014 11 83%)

The year end amounts are not representative of the exposure to interest rates during the year as the level of exposure changes as investments are made in fixed interest securities, borrowings are drawn down and repaid, and the mix of borrowings between floating and fixed interest rates changes

Notes to the Financial Statements *continued*

11 Financial Instruments *continued*

11 3 Interest Rate Risk *continued*

Interest rate sensitivity

A change of 2% on interest rates at the reporting date would have had the following direct impact

	2015 2% Increase £'000	**2015 2% Decrease £'000**	2014 2% Increase £'000	2014 2% Decrease £ 000
Change to shareholders' funds	**(499)**	**499**	(789)	789
Change to total earnings per Ordinary share	**(0 16)p**	**0 16p**	(0 25)p	0 25p

This level of change is not representative of the year as a whole, since the exposure changes throughout the period This assessment does not take into account the impact of interest rate changes on the market value of the investments the Group holds

11 4 Liquidity Risk

Unquoted investments in the portfolio are subject to liquidity risk The Group held one unquoted investment at the year end (see 11 6 below)

In certain market conditions, the liquidity of direct property investments may be reduced At 31 March 2015, 7% of the Group's investment portfolio was held in direct property investments

At March 2015, 93% of the Group's investment portfolio is held in listed securities which are predominantly readily realisable

The debenture loan of £15m is repayable in 2016 Bank loan facilities are short term revolving loans which it is intended are renewed or replaced but renewal cannot be certain

The table below shows the timing of cash outflows to settle the Group's current drawn debt facilities together with anticipated interest costs

Debt and Financing maturity profile

At 31 March 2015	**Within 1 year £'000**	**Within 1-2 years £'000**	**Within 2-3 years £'000**	**Within 3-4 years £'000**	**Within 4-5 years £'000**	**More than 5 years £'000**	**Total £'000**
Bank loans*	**53,000**	–	–	–	–	–	**53,000**
Debenture loan	**15,000**	–	–	–	–	–	**15,000**
Projected interest cash flows on bank and debenture loans	**2,452**	–	–	–	–	–	**2,452**
	70,452	–	–	–	–	–	**70,452**

At 31 March 2014	Within 1 year £'000	Within 1-2 years £'000	Within 2 3 years £'000	Within 3-4 years £'000	Within 4-5 years £'000	More than 5 years £'000	Total £'000
Bank loans*	61,000	–	–	–	–	–	61,000
Debenture loan	–	15,000	–	–	–	–	15,000
Projected interest cash flows on bank and debenture loans	2,900	1,773	–	–	–	–	4,673
	63,900	16,773	–	–	–	–	80,673

* A £50m one year facility which expired in January 2015 has been renewed until January 2016 £43m was drawn on this facility at the balance sheet date A £30m two year facility which expired in May 2015 has been renewed until May 2016 £10m was drawn on this facility at the balance sheet date

Notes to the Financial Statements *continued*

11 **Financial Instruments** *continued*

11 4 Liquidity Risk *continued*

Management of the risk

The Manager sets guidelines for the maximum exposure of the portfolio to unquoted and direct property investments These are set out in the Investment Policies on page 23 All unquoted investments and direct property investments with a value over £1 million must be approved by the Board for purchase

The Company maintains regular contact with the banks providing revolving facilities and renewal discussions commence well ahead of facility renewal dates In addition the Company is exploring new opportunities for the provision of debt on an ongoing basis

11 5 Credit Risk

The failure of a counterparty to a transaction to discharge its obligations under that transaction could result in the Group suffering a loss At the period end the largest counterparty risk, which the Group was exposed to was within Cash and cash equivalents where the total bank balances held with one counterparty was £11,711,000

Management of the risk

Investment transactions are carried out with a number of brokers, whose credit standing is reviewed periodically by the Manager, and limits are set on the amount that may be due from any one broker Cash at bank is only held with banks with high quality external credit ratings

Credit risk exposure

In summary, compared to the amounts in the Balance Sheet, the maximum exposure to credit risk at 31 March was as follows

	2015 Balance Sheet £'000	**2015 Maximum exposure £'000**	2014 Balance Sheet £'000	2014 Maximum exposure £'000
Debtors	**20,882**	**20,882**	11,405	11,405
Cash and cash equivalents	**21,427**	**21,427**	9,740	9,740
Fixed interest investments	**6,998**	**6,998**	8,197	8,197
	49,307	**49,307**	29,342	29,342

11 6 **Fair values of financial assets and financial liabilities**

Except for the debenture loans which are measured at amortised cost, the fair values of the financial assets and financial liabilities are either carried in the balance sheet at their fair value (investments) or the balance sheet amount is a reasonable approximation of fair value (debtors, creditors, cash at bank and bank overdrafts, accruals and prepayments)

The fair values of the listed investments are derived from the bid price or last traded price at which the securities are quoted on the London Stock Exchange and other recognised exchanges

The fair value of contracts for difference are based on the underlying listed investment value as set out above and the amount due from or to the counterparty under the contract is recorded as an asset or liability accordingly

The fair values of the properties are derived from an open market (Red Book) valuation of the properties on the Balance Sheet date by an independent firm of valuers (Deloitte)

There was one unquoted investment at the Balance Sheet date, Nanette Real Estate, with a total value of £86,000

The amounts of change in fair value for such investments recognised in the profit or loss for the year was a profit of £213,292,000(2014 profit of £135,270,000)

11 7 **Capital management policies and procedures**

The Group's capital management objectives are

- to ensure that it will be able to continue as a going concern, and
- to maximise the total return to its equity shareholders through an appropriate balance of equity capital and debt.

The equity capital of the Group at 31 March 2015 consisted of called up share capital, share premium, capital redemption and revenue reserves totalling £1,010,045,000 (2014 £809,438,000) The Group does not regard the debenture and loans as permanent capital

Notes to the Financial Statements *continued*

12 Debtors

	Group 2015 £'000	Company 2015 £'000	Group 2014 £'000	Company 2014 £'000
Amounts falling due within one year				
Securities and properties sold for future settlement	**2,551**	**2,551**	929	929
Tax recoverable	**554**	**554**	1,391	1,391
Prepayments and accrued income*	**5,585**	**5,194**	4,388	4,380
Amounts receivable in respect of Contracts for Difference	**10,604**	**10,604**	3,351	3,351
Other debtors	**1,588**	**1,581**	1,346	1,334
	20,882	**20,484**	11,405	11,385
Non-current assets				
Deferred taxation asset	**237**	**237**	200	235

* Includes amounts in respect of rent free periods

13 Current and non-current liabilities

	Group 2015 £'000	Company 2015 £'000	Group 2014 £'000	Company 2014 £'000
Amounts falling due within one year				
Bank loans and overdrafts	**53,000**	**53,000**	61,000	61,000
Securities and properties purchased for future settlement	**8,562**	**8,562**	3,114	3,114
Amounts due to subsidiaries	**–**	**68,279**	–	68,976
Tax payable	**1,506**	**1,506**	2,247	1,662
Accruals and deferred income	**9,745**	**9,569**	10,401	10,189
Other creditors	**676**	**676**	628	628
Debenture loan	**15,000**	**–**	–	–
	88,489	**141,592**	77,390	145,569
Non-current liabilities				
Debenture loan	**–**	**–**	15,000	–
	–	**–**	15,000	–

The total amount of secured creditors is £15,000,000 (2014 £15,000,000)

Debenture loan

The debenture loan of £15,000,000 (2014 £15,000,000) of 11 5% 2016 stock is issued by Trustco Finance plc and is guaranteed by the Company through a floating charge over its assets The fair value of this debenture at 31 March 2015 was £16,416,000 (2014 £17,429,000) Using the IFRS 13 fair value hierarchy the debenture stock is deemed to be categorised within Level 1

The Company and Group have complied with the terms of the debenture agreement throughout the year

Multi-currency revolving loan facilities

The Group also has unsecured, multi-currency, revolving short-term loan facilities totalling £80,000,000 (2014 £80,000,000) At 31 March 2015 £53,000,000 was drawn on these facilities (2014 £61,000,000)

The terms and maturities of these facilities are shown in notes 11 3 and 11 4

Notes to the Financial Statements *continued*

14 Called up share capital

Ordinary share capital

The balance classified as Ordinary share capital includes the nominal value proceeds on the issue of the Ordinary equity share capital comprising Ordinary shares of 25p

	Number	Issued, allotted and fully paid £'000
Ordinary shares of 25p		
At 1 April 2014	317,500,980	79,375
Shares repurchased	–	–
At 31 March 2015	317,500,980	79,375

The voting rights are disclosed in the Report of the Directors on page 32

No Ordinary shares were repurchased or cancelled during the current year (2014 375,000 repurchased and cancelled)

Since 31 March 2015 no Ordinary shares have been purchased and cancelled

15 Share premium account and capital redemption reserve

Share premium account

The balance classified as share premium includes the premium above nominal value from the proceeds on issue of the equity share capital comprising Ordinary shares of 25p

Capital redemption reserve

The capital redemption reserve is used to record the amount equivalent to the nominal value of purchases of the Company's own shares in order to maintain the Company's capital

16 Retained earnings

	Group 2015 £'000	**Company 2015 £'000**	Group 2014 £'000	Company 2014 £'000
Investment holding gains	**388,841**	**424,388**	273,412	287,430
Realised capital reserves	**406,260**	**378,417**	325,326	319,124
	795,101	**802,805**	598,738	606,554
Revenue reserve	**48,473**	**40,769**	44,229	36,413
	843,574	**843,574**	642,967	642,967

Group investment holding gains at 31 March 2015 include a £1,368,000 loss (2014 £1,373,000 loss) relating to unlisted investments and gains of £18,274,000 (2014 £11,329,000) relating to investment properties

Company investment holding gains at 31 March 2015 include gains of £52,453,000 (2014 £45,290,000) relating to unlisted subsidiary investments and a £17,134,000 revaluation gain (2014 £10,189,000 gain) relating to investment properties
Dividends are only distributable from the revenue reserve

Notes to the Financial Statements *continued*

17 Dividends

	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
Amounts recognised as distributions to equity holders in the year		
Final dividend for the year ended 31 March 2014 of 4 60p (2013 4 35p) per Ordinary share	**14,605**	13,811
Interim dividend for the year ended 31 March 2015 of 2 95p (2014 2 85p) per Ordinary share	**9,366**	9,049
	23,971	22,860
Amounts not recognised as distributions to equity holders in the year		
Proposed final dividend for the year ended 31 March 2015 of 4 75p (2014 4 60p) per Ordinary share	**15,081**	14,605

The final dividend has not been included as a liability in these financial statements in accordance with IAS 10 "Events after the Balance Sheet Date"

Set out below is the total dividend to be paid in respect of the year This is the basis on which the requirements of s 1158 of the Corporation Tax Act 2010 are considered

	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
Interim dividend for the year ended 31 March 2015 of 2 95p (2014 2 85p) per Ordinary share	**9,366**	9,049
Proposed final dividend for the year ended 31 March 2015 of 4 75p (2014 4 60p) per Ordinary share	**15,081**	14,605
	24,447	23,654

18 Company profit and loss account

As permitted by Section 408 of the Companies Act 2006, the Company has not presented its own Income Statement The net profit after taxation of the Company dealt with in the accounts of the Group was £224,578,000 (2014 £148,815,000)

19 Net asset value per Ordinary share

Net asset value per Ordinary share is based on the net assets attributable to Ordinary shares of £1,010,045,000 (2014 £809,438,000) and on 317,500,980 (2014 317,500,980) Ordinary shares in issue at the year end

20 Commitments and contingent liabilities

At 31 March 2015 and 31 March 2014 the Group had no capital commitments or contingent liabilities

The Company has guaranteed, through a floating charge over its assets a £15,000,000 (2014 £15,000,000) participation in 11 5% 2016 several debenture stock (see note 13)

Notes to the Financial Statements *continued*

21 Subsidiaries

The Group has the following principal subsidiaries, all of which are registered and operating in England and Wales

Name of Company	Principal Activities
TR Property Finance Ltd	Investment holding and finance
Trust Union Properties (Bayswater) Ltd	Property investment
*The Colonnades Ltd	Property investment
Trustco Finance plc	Debenture issuing vehicle

All the subsidiaries are fully owned and all the holdings are ordinary shares The Group also has other subsidiaries which are considered not significant as they are either not trading or are immaterial

* Indirectly held

22 Related party transactions disclosures

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note

Remuneration of key management personnel

The remuneration of the directors, who are the key management personnel of the Company for each of the relevant categories specified in IAS 24 Related Party Disclosures is provided in the audited part of the Directors' Remuneration Report on pages 40 and 41

Directors' transactions

Transactions in shares by directors are considered to be a related party transaction due to the nature of their role as directors Movements in directors' shareholdings are disclosed within the Directors' Remuneration Report on page 41 Dividends totalling £7,000 (2014 £13,000) were paid in the year in respect of shares held by the Company's directors

Investment Manager's fees

During the year ended 31 March 2015 Thames River Capital charged management fees totalling £4,979,000 (2014 £4,719,000) to the Group in the normal course of business The balance of management fees outstanding at 31 March 2015 was £186,000 (2014 £125,000) In addition a performance fee of £7,745,000 was outstanding at 31 March 2015 (2014 £9,669,000)

Notes to the Financial Statements *continued*

23 Alternative Investment Fund Managers Directive ("AIFMD")

In accordance with the AIFMD, information in relation to the Company's leverage and remuneration of the Company's AIFM, F&C Investment Business Limited, is required to be made available to investors Detailed regulatory disclosures including those on the AIFM's remuneration policy are available on the F&C website or from F&C on request The numerical remuneration disclosures in relation to the AIFM's first relevant accounting period will be made available in due course

Leverage

Under the AIFM Directive, it is necessary for AIFs to disclose their leverage in accordance with prescribed calculations

Although leverage is often used as another term for gearing, under the AIFMD it leverage is specifically defined Two types of leverage calculations are defined, the gross and commitment methods These methods summarily express leverage as a ratio of the exposure of the AIF against its net asset value 'Exposure' typically includes debt, the value of any physical properties subject to mortgage, non- sterling currency, equity or currency hedging at absolute national values (even those held purely for risk reduction purposes, such as forward foreign exchange contracts held for currency hedging) and derivative exposure (converted into the equivalent underlying positions) The commitment method nets off derivative instruments, while the gross method aggregates them

The table below sets out the current maximum permitted limit and the actual level of leverage for the Company as at 31 March 2015

Leverage exposure	Gross method	Commitment method
Maximum permitted limit	200%	200%
Actual	127%	124%

The leverage limits are set by the AIFM and approved by the Board and are in line with the limits set out in the Company's Articles of Association

This should not be confused with the gearing set out in the Financial Highlights which is calculated under the traditional method set out by the Association of Investment Companies The AIFM is also required to comply with the gearing parameters set by the Board in relation to borrowings

Notice of Annual General Meeting

THIS NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to the action you should take you should seek your own advice from a stockbroker, solicitor, accountant or other independent professional adviser

If you have sold or otherwise transferred all of your shares, please pass this document, together with the accompanying documents to the purchaser, or transferee, or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares

Notice is hereby given that the Annual General Meeting of TR Property Investment Trust plc will be held at 12 noon on Tuesday 21 July 2015 at the Royal Automobile Club, 89/91 Pall Mall, London SW1Y 5HS for the purpose of transacting the following business

To consider and, if thought fit, pass the following Resolutions, of which Resolutions 1 to 12 will be proposed as Ordinary Resolutions and Resolutions 13 and 14 shall be proposed as Special Resolutions

1 To receive the Report of the Directors and the Audited Accounts for the year ended 31 March 2015

2 To approve the Directors' Remuneration Report for the year ended 31 March 2015

3 To declare a final dividend of 4 75 pence per Ordinary share

4 To re-elect Simon Marrison as a director

5 To re-elect David Watson as a director

6 To re-elect Hugh Seaborn as a director

7 To re-elect Caroline Burton as a director

8 To re-elect Suzie Procter as a director

9 To re-elect John Glen as a director

10 To re-appoint Ernst & Young LLP as auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company

11 To authorise the directors to determine the remuneration of the auditors

12 THAT the directors be generally and unconditionally authorised pursuant to and in accordance to Section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company up to a nominal value of £26,193,830 (being approximately 33% of the total issued share capital of the Company as at the latest practicable date prior to publication of the notice of the meeting) provided that this authority shall expire at the date of the next Annual General Meeting of the Company (or, if earlier, at the close of business on 21 October 2016), save that the Company shall be entitled to make offers or agreements before the expiry of this authority which would or might require shares to be allotted or rights to be granted after such expiry and the directors shall be entitled to allot shares and grant rights pursuant to any such offers or agreements as if this authority had not expired

13 THAT

(a) (subject to the passing of Resolution 12 set out above) the directors be empowered pursuant to Section 570 and Section 573 of the Act to allot equity securities (as defined in Section 560 of the Act) for cash pursuant to the authority conferred by Resolution 12 above and/or to sell shares held by the Company as treasury shares for cash as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to

(i) the allotment of equity securities and sale of treasury shares for cash in connection with an offer of, or invitation to apply for, equity securities

(aa) to shareholders in proportion (as nearly as may be practicable) to their existing holdings, and

(bb) to holders of other equity securities, as required by the rights of those securities, or as the Board otherwise considers necessary, and so that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter, and

(ii) in the case of the authority granted under Resolution 12 and/or in the case of any sale of treasury shares for cash, to the allotment (otherwise than under paragraph (i) above) of equity securities or sale of treasury shares up to a nominal amount of £3,968,762 (being approximately 5% of the total issued share capital of the Company as at the latest practicable date prior to publication of the notice of meeting),

(b) the power given by this resolution shall expire upon the expiry of the authority conferred by Resolution 12 above, save that the Company shall be entitled to make offers or agreements before the expiry of such power which would or might require equity securities to be allotted after such expiry and the directors shall be entitled to allot equity

Notice of Annual General Meeting *continued*

securities pursuant to any such offer or agreement as if the power conferred hereby had not expired

14 THAT the Company be and is hereby generally and unconditionally authorised in accordance with Section 701 of the Act to make market purchases (within the meaning of Section 693(4) of the Act) of Ordinary shares of 25 pence each in the capital of the Company on such terms and in such manner as the directors may from time to time determine provided that

(a) the maximum number of Ordinary shares hereby authorised to be purchased shall be 14 99% of the Company's Ordinary shares in issue at the date of the Annual General Meeting (equivalent to 47,593,396 Ordinary shares of 25 pence each at 9 June 2015, the date of this Notice of Annual General Meeting),

(b) the maximum price (exclusive of expenses) which may be paid for any such share shall not be more than the higher of

(i) 105% of the average of the middle market quotations for an Ordinary share as taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which the Company agrees to buy the shares concerned, and

(ii) the higher of the price of the last independent trade and the highest current independent bid for an Ordinary share in the Company on the trading venue where the purchase is carried out at the relevant time

(c) the minimum price (exclusive of expenses) which may be paid for an Ordinary share shall be 25 pence, being the nominal value per Ordinary share,

(d) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company in 2016, save that the Company shall be entitled to enter into a contract to purchase Ordinary shares which will, or may, be completed or executed wholly or partly after the power expires and the Company may purchase Ordinary shares pursuant to such contract as if the power conferred hereby had not expired

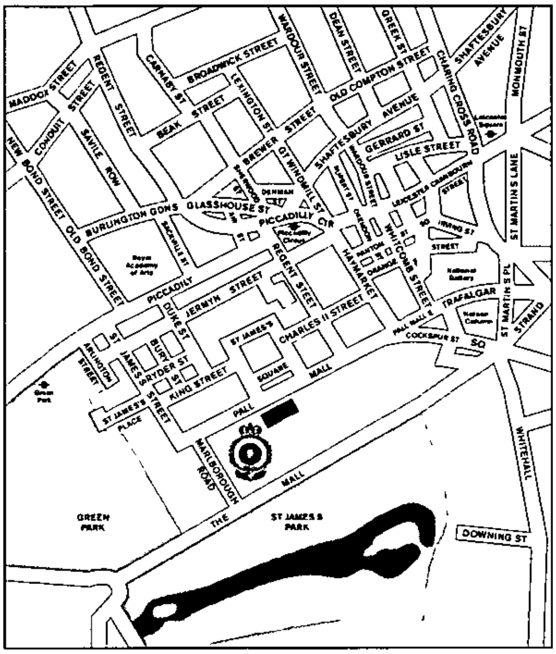
Registered Office
Registered in England No 84492
11–12 Hanover Street
London
W1S 1YQ

By Order of the Board

For and on behalf of
Capita Company Secretarial Services
Secretary
9 June 2015

Notice of Annual General Meeting *continued*

Directions Pall Mall Clubhouse



The Royal Automobile Club has a dress code
Jacket and Tie

Notes to the Notice of Annual General Meeting

1 Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting A shareholder may appoint more than one proxy in relation to the Annual General Meeting ("AGM") provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder A proxy need not be a shareholder of the Company To appoint more than one proxy, the proxy form should be photocopied and the name of the proxy to be appointed indicated on each proxy form together with the number of shares that such proxy is appointed in respect of

To be valid any proxy form or other instrument appointing a proxy must be returned by post, by courier or by hand to the Company's Registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, or alternatively, by going to www eproxyappointment com and following the instructions provided All proxies must be appointed by no later than 48 hours before the time of the AGM The return of a completed proxy form or other such instrument will not prevent a shareholder attending the AGM and voting in person if he/she wishes to do so

2 In order to be able to attend and vote at the AGM or any adjourned meeting, (and also for the purpose of calculating how many votes a person may cast) a person must have his/her name entered on the Register of Members of the Company by 6 00 pm on 19 July 2014 (or 6 00 pm on the date 2 days before any adjourned meeting) Changes to entries on the Register of Members after this time shall be disregarded in determining the rights of any person to attend or vote at the meeting

3 Shareholders should note that it is possible that, pursuant to requests made by shareholders of the Company under Section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM, or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with Section 437 of the Companies Act 2006

The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Companies Act 2006 Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website The business which may be dealt with at the AGM includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on a website

4 Any corporation which is a member of the Company can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares

5 The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communication from the Company in accordance with Section 146 of the Companies Act 2006 ("nominated persons") Nominated persons may have a right under an agreement with the registered shareholder who holds shares on their behalf to be appointed (or to have someone else appointed) as a proxy Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to given instructions to the person holding the shares as to the exercise of voting rights

Notice of Annual General Meeting *continued*

6 CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the AGM to be held on 21 July 2015 and any adjournment(s) thereof by using the procedures described in the CREST Manual CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider should refer to their CREST sponsors or voting service provider(s), who will be able to take the appropriate action on their behalf

In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual The message must be transmitted so as to be received by the Company's agent, Computershare Investor Services PLC (CREST Participant ID 3RA50), no later than 48 hours before the time appointed for the meeting For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST

CREST members and, where applicable, their CREST sponsor or voting service provider should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages

Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time In this connection, CREST members and, where applicable, their CREST sponsor or voting service provider are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001

7 Any member attending the meeting has the right to ask questions The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered

8 A copy of this notice, and other information required by section 311A of the Companies Act 2006, can be found at www trproperty com

9 Members satisfying the thresholds in section 338 of the Companies Act 2006 may require the Company to give, to members of the Company entitled to receive notice of the Annual General Meeting, notice of a resolution which those members intend to move (and which may properly be moved) at the Annual General Meeting A resolution may properly be moved at the Annual General Meeting unless (i) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment or the Company's constitution or otherwise), (ii) it is defamatory of any person, or (iii) it is frivolous or vexatious A request made pursuant to this right may be in hard copy or electronic form, must identify the resolution of which notice is to be given, must be authenticated by the person(s) making it and must be received by the Company not later than six weeks before the date of the Annual General Meeting

10 Members satisfying the thresholds in section 338A of the Companies Act 2006 may request the Company to include in the business to be dealt with at the Annual General Meeting any matter (other than a proposed resolution) which may properly be included in the business at the Annual General Meeting A matter may properly be included in the business at the Annual General Meeting unless (i) it is defamatory of any person or (ii) it is frivolous or vexatious A request made pursuant to this right may be in hard copy or electronic form, must identify the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than six weeks before the date of the Annual General Meeting

11 Biographical details of the directors are shown on page 27 of the Annual Report & Accounts

12 As at 8 June 2015 (being the latest practicable day prior to publication of the notice of the meeting), the issued share capital of the Company is 317,500,980 Ordinary shares of 25p each Therefore, the total number of voting rights in the Company at 8 June 2015 is 317,500,980

13 The terms of reference of the Audit Committee, the Management Engagement Committee and the Letters of Appointment for directors will be available for inspection for at least 15 minutes prior to and during the Company's AGM

14 You may not use any electronic address provided either in this Notice or any related documents to communicate for any purposes other than those expressly stated

Explanation of Notice of Annual General Meeting

Resolutions 1, 2 and 3: Accounts, Directors' Remuneration Report and Dividend
These are the resolutions which deal with the presentation of the audited accounts, the approval of the Directors' Remuneration Report and the declaration of the final dividend The vote to approve the remuneration report is advisory only and will not require the Company to alter any arrangements detailed in the report should the resolution not be passed

Resolutions 4, 5, 6, 7, 8 and 9: Re-election of directors
These resolutions deal with the re-election of Simon Marrison, David Watson, Hugh Seaborn, Caroline Burton, Suzie Procter and John Glen In accordance with the UK Corporate Governance Code, all directors will retire on an annual basis and have confirmed that they will offer themselves for re-election

A performance evaluation has been completed and your Board has determined that each of the directors continues to be effective and demonstrates their commitment to their role

Resolutions 10 and 11· Auditors
These deal with the re-appointment of the auditors, Ernst & Young LLP, and the authorisation for the directors to determine their remuneration

Resolution 12: Allotment of share capital
Our Board considers it appropriate that an authority be granted to allot shares in the capital of the Company up to a maximum nominal amount of £26,193,830 (representing approximately 33% of the Company's issued share capital as at 8 June 2015, being the latest practical date prior to publication) As at the date of this notice the Company does not hold any shares in treasury

The directors have no present intention of exercising this authority and would only expect to use the authority if shares could be issued at, or at a premium to, the NAV per share

This authority will expire at the earlier of close of business on 22 October 2016 and the conclusion of the annual general meeting of the Company to be held in 2016

Resolution 13: Disapplication of statutory pre-emption rights
This resolution would give the directors the authority to allot shares (or sell any shares which the Company elects to hold in treasury) for cash without first offering them to existing shareholders in proportion to their existing shareholdings

This authority would be limited to allotments or sales in connection with pre-emptive offers and offers to holders of other equity securities if required by the rights of those shares or as the board otherwise considers necessary, or otherwise up to an aggregate nominal amount of £3,968,762 This aggregate nominal amount represents 5% of the total issued share capital of the Company as at 8 June 2015, the latest practicable date prior to publication of this Notice In respect of this aggregate nominal amount, the directors confirm their intention to follow the provisions of the Pre-Emption Group's Statement of Principles regarding cumulative usage of authorities within a rolling 3-year period where the Principles provide that usage in excess of 7 5% should not take place without prior consultation with shareholders

The authority will expire at the earlier of close of business on 21 October 2016 and the conclusion of the annual general meeting of the Company held in 2016

Resolution 14: Authority to make Market Purchases of the Company's Ordinary shares
At the AGM held on 22 July 2014, a special resolution was proposed and passed, giving the directors authority, until the conclusion of the AGM in 2015, to make market purchases of the Company's own issued shares up to a maximum of 14 99% of the issued share capital

Your Board is proposing that they should be given renewed authority to purchase Ordinary shares in the market Your Board believes that to make such purchases in the market at appropriate times and prices is a suitable method of enhancing shareholder value The Company would, within guidelines set from time to time by the Board, make either a single purchase or a series of purchases, when market conditions are suitable, with the aim of maximising the benefits to shareholders

Where purchases are made at prices below the prevailing Net Asset Value per share, this will enhance the Net Asset Value for the remaining shareholders It is therefore intended that purchases would only be made at prices

Explanation of Notice of Annual General Meeting *continued*

below Net Asset Value Your Board considers that it will be most advantageous to shareholders for the Company to be able to make such purchases as and when it considers the timing to be favourable and therefore does not propose to set a timetable for making any such purchases

The Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 enable companies in the United Kingdom to hold in treasury any of their own shares they have purchased with a view to possible resale at a future date, rather than cancelling them If the Company does re-purchase any of its shares, the directors do not currently intend to hold any of the shares re-purchased in treasury The shares so re-purchased will continue to be cancelled

The Listing Rules of the UK Listing Authority limit the maximum price (exclusive of expenses) which may be paid for any such share It shall not be more than the higher of

(i) 105% of the average of the middle market quotations for an Ordinary share as taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which the Company agrees to buy shares concerned, and

(ii) the higher of the price of the last independent trade and the highest current independent bid for an Ordinary share in the Company on the trading venue where the purchase is carried out

The minimum price to be paid will be 25p per Ordinary share (being the nominal value) The Listing Rules also limit a listed company to purchases of shares representing up to 15% of its issued share capital in the market pursuant to a general authority such as this For this reason, the Company is limiting its authority to make such purchases to 14 99% of the Company's Ordinary shares in issue at the date of the AGM, this is equivalent to 47,593,396 Ordinary shares of 25p each (nominal value £11,898,348) at 9 June 2015, the date of the Notice of the AGM The authority will last until the AGM of the Company to be held in 2016

Recommendation

Your Board believes that the resolutions contained in this Notice of Annual General Meeting are in the best interests of the Company and shareholders as a whole and recommends that you vote in favour of them as your Directors intend to do in respect of their beneficial shareholdings

Directors and Other Information

Directors
C M Burton (Chairman)
J Glen
S Marrison
S Procter
H Seaborn
D Watson

Registered Office
3rd Floor
11–12 Hanover Street
London
W1S 1YQ

Registered Number
Registered as an investment company in England and Wales No 84492

AIFM
F&C Investment Business Limited
Exchange House
Primrose Street
London
EC2A 2NY

Portfolio Manager
Thames River Capital LLP, authorised and regulated by the Financial Conduct Authority
3rd Floor
11–12 Hanover Street
London
W1S 1YQ
Telephone 020 7011 4100

Fund Manager
M A Phayre-Mudge MRICS

Finance Manager and Investor Relations
J L Elliott ACA

Deputy Fund Manager
A Lhonneur

Direct Property Manager
G P Gay MRICS

Secretary
Capita Company Secretarial Services
40 Dukes Place
London
EC3A 7NH

Registrar
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS99 6ZY
Telephone 0870 707 1363

Registered Auditor
Ernst & Young LLP
1 More London Place
London
SE1 2AF

Stockbrokers
Cenkos Securities plc
6, 7, 8 Tokenhouse Yard
London
EC2R 7AS

Stifel Nicolaus Europe Limited
150 Cheapside
London
EC2V 6ET

Solicitors
Slaughter and May
One Bunhill Row
London
EC1Y 8YY

Depositary, Custodian and Fund Administrator
BNP Paribas Securities Services
55 Moorgate
London
EC2R 6PA

Website
www.trproperty.com

aic
The Association of
Investment Companies

General Shareholder Information

Release of Results
The half year results are announced in late November
The full year results are announced in early June

Annual General Meeting
The AGM is held in London in July

Dividend Payment Dates
Dividends are usually paid on the Ordinary shares as follows
Interim January
Final August

Dividend Payments
Dividends can be paid to shareholders by means of BACS (Bankers' Automated Clearing Services), mandate forms for this purpose are available from the Registrar Alternatively, shareholders can write to the Registrar (the address is given on page 79 of this report) to give their instructions, these must include the bank account number, the bank account title and the sort code of the bank to which payments are to be made

Dividend Re-investment Plan ("DRIP")
TR Property Investment Trust plc now offers shareholders the opportunity to purchase further shares in the company through the DRIP DRIP forms may be obtained from Computershare Investor Services PLC through their secure website www investorcentre co uk, or by phoning 0870 707 1694 Charges do apply, dealing commission of 0 5% (subject to a minimum of £1 00) Government stamp duty of 0 5% also applies

Share Price Listings
The market prices of the Company's shares are published daily in The Financial Times Some of the information is published in other leading newspapers The Financial Times also shows figures for the estimated Net Asset Values and the discounts applicable

Share Price Information
ISIN GB0009064097
SEDOL 0906409
Bloomberg TRY LN
Reuters TRY L
Datastream TRY

Benchmark
Details of the benchmark is given in the Strategic Report on page 23 of this Report and Accounts The benchmark index is published daily and can be found on Bloomberg,

FTSE EPRA/NAREIT Developed Europe Capped Net Total Return Index in Sterling
Bloomberg TRORAG Index

Internet
Details of the market price and Net Asset Value of the Ordinary shares can be found on the Company's website at www trproperty com

Shareholders who hold their shares in certificated form can check their holdings with the Registrar, Computershare Investor Services PLC, via www computershare com Please note that to gain access to your details on the Computershare site you will need the holder reference number stated on the top left hand corner of your share certificate

Disability Act
Copies of this Report and Accounts and other documents issued by the Company are available from the Company Secretary If needed, copies can be made available in a variety of formats, including Braille, audio tape or larger type as appropriate

You can contact the Registrar, Computershare Investor Services PLC, which has installed textphones to allow speech and hearing impaired people who have their own textphone to contact them directly, without the need for an intermediate operator, by dialling 0870 702 0005 Specially trained operators are available during normal business hours to answer queries via this service

Alternatively, if you prefer to go through a 'typetalk' operator (provided by the Royal National Institute for Deaf People) you should dial 18001 followed by the number you wish to dial

General Shareholder Information *continued*

Nominee Share Code
Where notification has been provided in advance, the Company will arrange for copies of shareholder communications to be provided to the operators of nominee accounts Nominee investors may attend general meetings and speak at meetings when invited to do so by the Chairman

CGT Base Cost
Taxation of capital gains for shareholders who formerly held Sigma shares
Upon a disposal of all or part of a shareholder's holding of Ordinary shares, the impact on the shareholder's capital gains tax base cost of the conversion to Sigma shares in 2007 and the redesignation to Ordinary shares in 2012 should be considered

In respect of the conversion to Sigma in 2007, agreement was reached with HM Revenue & Customs ("HMRC") to base the apportionment of the capital gains tax base cost on the proportion of Ordinary shares that were converted by a shareholder into Sigma shares on 25 July 2007

Therefore, if an Ordinary shareholder converted 20% of their existing Ordinary shares into Sigma shares on 25 July 2007, the capital gains tax base cost of the new Sigma shares acquired would be equal to 20% of the original capital gains tax base cost of the Ordinary shares that they held pre-conversion The base cost of their remaining holding of Ordinary shares would then be 80% of the original capital gains tax base cost of their Ordinary shares held pre-conversion

As part of the re-designation of the Sigma shares into Ordinary shares in December 2012, a further agreement was reached with HMRC that a shareholders capital gains tax base cost in their new Ordinary shares should be equivalent to their capital gains base cost in the pre-existing Sigma shares (i e their capital gains base cost under the existing agreement if applicable)

If in doubt as to the consequences of this agreement with HMRC, shareholders should consult with their own professional advisors

Investing in TR Property Investment Trust plc

Market Purchases
The shares of TR Property Investment Trust plc are listed and traded on the London Stock Exchange Investors may purchase shares through their stockbroker, bank or other financial intermediary

Holding shares in Certificated Form
Investors may hold their investment in certificated form Our registrars, Computershare operate a dealing service which enables investors to buy and sell shares quickly and easily online without a broker or the need to open a trading account Alternatively the Investor Centre allows investors to manage portfolios quickly and securely, update details and view balances without annual charges Further details are available by contacting Computershare on 0870 702 0000 or visit www computershare com

TR Property Investment Trust plc now offers shareholders the opportunity to purchase further shares in the company through the Dividend Re-investment Plan ("DRIP") through the registrar, Computershare Shareholders can obtain further information on the DRIP through their secure website www investorcentre co uk, or by phoning 0870 707 1694 Charges do apply Please note that to gain access to your details or register for the DRIP on the Computershare site you will need the holder reference number stated on the top left hand corner of your share certificate

Saving Schemes, ISAs and other plans
A number of banks and wealth management organisations provide Savings Schemes and ISAs through which UK clients can invest in TR Property Investment Trust plc

ISA and savings scheme providers do charge dealing and other fees for operating the accounts, and investors should read the Terms and Conditions provided by these companies and ensure that the charges best suit their planned investment profile Most schemes carry annual charges but these vary between provider and product Where dealing charges apply, in some cases these are applied as a percentage of funds invested and others as a flat charge The optimum way to hold the shares will be different for each investor depending upon the frequency and size of investments to be made

Details are given below of two providers offering shares in TR Property Investment Trust, but there are many other options

Alliance Trust Savings
Alliance Trust provide and administer a range of self- select investment plans, including tax-advantaged ISAs and SIPPs (Self-Invested Pension Plans) and also Investment Plans and First Steps, an Investment Plan for Children For more information Alliance Trust can be contacted on 01382 573 737, or visit www alliancetrust.co.uk

Investors in TR Property through the ATS Investment Plan and ISA receive all shareholder communications A voting instruction form is provided to facilitate voting at general meetings of the Company

F&C Asset Management Limited ("F&C")
F&C offer a number of Private Investor Plans, Investment Trust and Junior ISAs and Children's Investment Plans Investments can be made as lump sums or through regular savings For more information see inside the back cover F&C can be contacted on 0800 136 420, or visit www fandc com

Please remember that the value of your investments and any income from them may go down as well as up Past performance is not a guide to future performance You may not get back the amount that you invest If you are in any doubt as to the suitability of a plan or any investment available within a plan, please take professional advice

Saving Schemes and ISAs transferred from BNP Paribas
In 2012 BNP Paribas informed us that they were closing down the part of their business which operated Savings Schemes and ISAs Investors were given the choice of transferring their schemes to Alliance Trust Savings ("ATS") or a provider of their own choice or to close their accounts and sell the holdings

For investors who elected to transfer their plans to ATS, any questions regarding their account should be directed to ATS on 01382 573 737

Investing in TR Property Investment Trust plc *continued*

In 2012 BNP Paribas closed down the part of their business that operated Savings Schemes and ISAs Investors were given the choice of transferring their schemes to Alliance Trust Savings ("ATS") or to a provider of their own choice, or to close their accounts and sell the holdings

If investors did not respond to the letters from BNP Paribas, their accounts were transferred to ATS

Any questions regarding accounts transferred to ATS should be directed to ATS on 01382 573 737

Share Fraud and boiler room scams
Shareholders in a number of Investment Trusts have been approached as part of a share fraud where they are informed of an opportunity to sell their shares as the company is subject to a takeover bid This is not true and is an attempt to defraud shareholders The share fraud also seeks payment of a "commission" by shareholders to the parties carrying out the fraud

Shareholders should remain alert to this type of scam and treat with suspicion any contact by telephone offering an attractive investment opportunity, such as a premium price for your shares, or an attempt to convince you that payment is required in order to release a settlement for your shares These frauds may also offer to sell your shares in companies which have little or no value or may offer you bonus shares These so called "boiler room" scams can also involve an attempt to obtain your personal and/or banking information with which to commit identity fraud

The caller may be friendly and reassuring or they may take a more urgent tone, encouraging you to act quickly otherwise you could lose money or miss out on a deal

If you have been contacted by an unauthorised firm regarding your shares the FCA would like to hear from you You can report an unauthorised firm using the FCA helpline on 0800 111 6768 or by visiting their website, which also has other useful information, at www fca org uk

If you receive any unsolicited investment advice make sure you get the correct name of the person and organisation If the calls persist, hang up If you deal with an unauthorised firm, you will not be eligible to receive payment under the Financial Services Compensation Scheme

Please be advised that the Board or the Manager would never make unsolicited telephone calls of such a nature to shareholders

How to Invest

One of the most convenient ways to invest in TR Property Investment Trust plc is through one of the savings plans run by F&C Management Limited ('F&C')

F&C Private Investor Plan (PIP)
A flexible way to invest with a lump sum from £500 or regular savings from £50 a month You can also make additional lump sum top-ups at any time from £250

F&C Investment Trust ISA.
Use your ISA allowance to make an annual tax-efficient investment of up to £15,240 for 2015/16 tax year with a lump sum from £500 or regular savings from £50 a month You can also make additional lump sum top-ups at any time from £250 and transfer any existing ISAs to us whilst maintaining all the tax benefits

F&C Child Trust Fund (CTF)
CTFs are closed to new investors, however, if your child has a CTF with another provider, it is easy to transfer it to F&C. From 6 April, the Registered Contact on a CTF will be able to transfer a CTF to a Junior ISA. Additional contributions can be made to the shares account version of the CTF from as little as £25 per month or £100 lump sum – up to a maximum of £4,080 for 2015/16 tax year

F&C Children's Investment Plan (CIP)
A flexible way to save for a child With no maximum contributions, the plan can easily be set up under bare trust (where the child is noted as the beneficial owner) to help reduce inheritance tax liability or kept in your name if you wish to retain control over the investment. Investments can be made from a £250 lump sum or £25 a month You can also make additional lump sum top-ups at any time from £100

F&C Junior ISA (JISA)
This is a tax-efficient savings plan for children who did not qualify for a CTF It allows you to invest up to £4,000 or £4,080 for 2015/16 tax year with all the tax benefits of the CTF You can invest from £30 a month, or £500 lump sum, or a combination of both From 6 April, CTF holders will be able to transfer a CTF to a JISA

Potential investors are reminded that the value of investments and the income from them may go down as well as up and you may not receive back the full amount originally invested Tax rates and reliefs depend on the circumstances of the individual The CTF and JISA accounts are opened in the child's name Money cannot be withdrawn until the child turns 18

Annual management charges and certain transaction costs apply according to the type of plan

Annual account charge
ISA: £60+VAT
PIP: £40+VAT
JISA/CIP/CTF £25+VAT
You can pay the annual charge from your account, or by direct debit (in addition to any annual subscription limits)

Dealing charge per holding
ISA: 0 2%
PIP/CIP/JISA postal instructions £12, online instruction £8

The dealing charge applies when shares are bought or sold but the fixed rate charge does not apply to the reinvestment of dividends for the PIP/CIP/JISA or the investment of regular monthly savings

There is no dealing charge on a CTF but a switching charge of £25 applies if more than 2 switches are carried out in one year

Government stamp duty of 0 5% also applies on purchases (where applicable)

There may be additional charges made if you transfer a plan to another provider or transfer the shares from your plan For full details of charges, please read the Key Features and Terms and Conditions of the plan before investing

How to Invest
You can invest in all our savings plans online

New Customers
Contact our Investor Services Team

Call	**0800 136 420** (8 30am – 5 30pm, weekdays, calls may be recorded)
Email	**info@fandc.com**
Investing online	**www.fandc.com/apply**

Existing Plan Holders
Contact our Investor Services Team

Call	**0845 600 3030** (*9 00am – 5 00pm, weekdays, calls may be recorded)
Email	**investor.enquiries@fandc.com**
By post	F&C Plan Administration Centre PO Box 11114, Chelmsford CM99 2DG

F&C Investments CLIENTS FIRST RESPECT ACCOUNTABILITY INNOVATION

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